

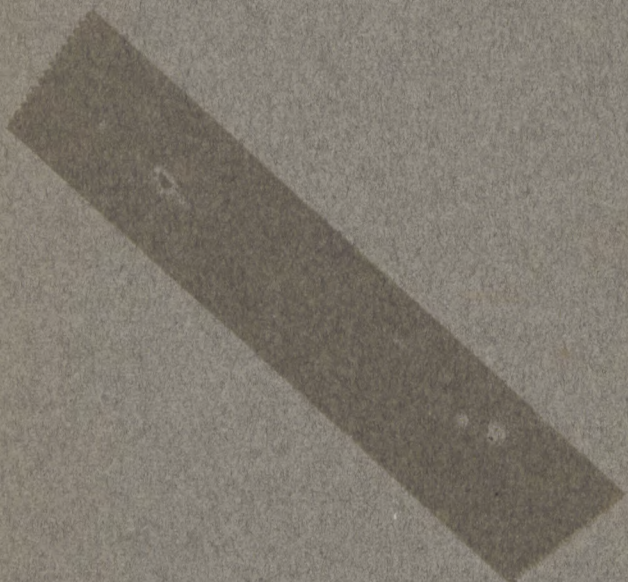
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EVIDENCE

TAKEN BEFORE THE

SPECIAL RAILROAD COMMITTEE

OF THE

HOUSE OF REPRESENTATIVES

OF COLORADO,

1885.

COMMITTEE:

R. H. GILMORE, Chairman	-----	Denver
N. ROLLINS	-----	Leadville
P. T. HINMAN	-----	Hahn's Peak
B. O'DRISCOLL	-----	Silverton
E. I. STIRMAN	-----	Lake City

DENVER, COLORADO:
COLLIER & CLEVELAND, STATE PRINTERS.

1885.

The Committee appointed by the House of Representatives to make inquiry in regard to the statements that railroad companies having their lines terminating in Colorado, have been accustomed to regulate their rates of tariff to discriminate against the manufacturing interests of this State, met pursuant to adjournment at 2 o'clock this Saturday afternoon, January 10, 1885.

Present—R. H. Gilmore, Chairman, and Messrs. O'Driscoll, Rollins, Hindman and Stirman, members of the Committee; H. P. Parmelee, Stenographer.

J. W. Nesmith being first duly sworn, stated as follows:

Q. (By Judge Gilmore.) What is your business, Mr. Nesmith?

A. Superintendent of the Colorado Iron Works.

Q. How long have you been engaged in that business?

A. Went into this particular business—well, this concern re-organized six years ago this month.

Q. What kind of iron work have you been conducting?

A. We manufacture all classes of mining machinery, stamp mills, agricultural work, some bridge work—the iron work.

Q. Where do you find your market for the manufactures which you have?

A. Colorado, Idaho, Montana, Nevada, New Mexico and Arizona.

Q. You began six years ago, you said, here?

A. Yes, sir.

Q. I will state to you what perhaps you have already heard remarked, that the object of this investigation is to ascertain the truth of statements circulating in this city to

the effect that railroad companies having their lines terminating in this State have been accustomed to regulate their freight tariffs so as to discriminate against manufactures in this State. Can you give us any information that will bear upon this question?

A. Yes, sir; it costs more money to ship for merely the manufacture of boilers; the freight on the material is greater than the manufactured iron.

Q. Have you the classification sheet here?

A. No, sir; you can get it by sending to the Union Pacific office. (Handing witness paper.)

Q. What paper have you there in your hands?

A. Classification of pooled lines.

Q. Classification of freight?

A. Yes, sir; freight classification—for example, iron and articles of iron. Now then, we have bar, band, boiler and rod in car load lots. I can save very much time of the Committee by making up my statement and coming here and giving it; I can give in five minutes what will take us an hour to pick out from this tariff sheet.

Q. You can make general statements?

A. We will see in Class 5 we will find boilers; tubes, we will find that in Class 4, I suppose.

Q. In a general way you might state and afterwards you can more particularly illustrate your idea by referring to particular instances. You speak of Class 5 and of Class 4; why do you speak of these classes?

A. Class 4 might be one dollar and a quarter and Class 5 one dollar, Class 3 one dollar and one dollar and fifty, and Class 2 one dollar and eighty.

Q. The rate is higher as the number of the class is lower?

A. Yes, sir; the point is this, that the material from which you manufacture any article of machinery costs as much or more to freight from the East as the same machine finished, costs from the same point; for instance, if you ship boiler iron from Chicago you get Class 5. You can always depend on getting the same on machines that you manufacture from the same material, you can always get the same machine for the same price or less from Chicago, St. Louis, Philadelphia or Pittsburg than the material. For example, you can ship pig iron for fifty cents a hundred pounds, it takes one more step and it becomes boiler

iron, or band iron or sheet iron, when it takes the next step and goes into machinery. The freight is the same on all; always the same; there is never such a thing as charging more for machinery—freight on that class of machinery from the East—than these several classes, on pig iron for instance, there are no mills in the country to roll bridge beams; bridge material is one or two steps lower than beams from which we should manufacture bridges here; the same way with boilers complete; when we want boilers here we are simply driven to send East for them; we don't make ten per cent. on the boilers used here for the reason that it costs less freight on the manufactured article than it does on the material from which it is manufactured.

Q. Then the cost of manufacturing the article is enhanced by the amount of labor you put upon it?

A. It costs as much more here as the additional amount of labor you put on it.

Q. Do I understand you to say that if you wanted to make a boiler here it would cost as much more as the labor you put upon it?

A. Yes, sir. It is assumed by the railroad companies that iron advances in value after it has been puddled, now then, on the average, the material is more than doubled again in value when it is manufactured from the sheets and tubes, etc., into boilers; that is, the article is doubled in value, it is enhanced in value by the manufacture into boilers, but the rate of freight is not advanced.

Q. Do I understand that the way in which articles ought to be classified is that the freight ought to be a great deal more on the manufactured articles?

A. Yes, sir. We will assume that fifty cents is a fair price for pig iron here, and assume that one dollar is a fair price for boiler iron, it is enhanced in value, the value is doubled; when it is manufactured from that into machinery the freights ought to be again advanced, but it remains the same.

Q. How long has this continued?

A. It has never been otherwise except when the roads were cutting. There has been two times when the freight was twenty or twenty-five cents a hundred pounds higher than it was on the material.

Q. When was that?

A. Once was last June. This is revised June 2, 1884. Some boilers are Class A; it is twenty or twenty-five cents a hundred pounds less at that time—when that was made—than Class Five was, for instance: if A was one dollar, Five was one dollar and a quarter; right after this tariff sheet, A and Five were thrust into one price; when this was made that was the price; there was twenty-five cents difference against the manufactured machinery.

Q. Do you know of any instance when a certain manufacture was begun and had gained considerable headway, and immediately after the freight tariff was reduced on that article?

A. The discrimination existed from the first of my knowledge of the matter as it is now. I don't know when the rates were higher on machinery than the material; I don't remember and don't know.

Q. If the freight on machinery—on manufactured articles—was increased in proportion to its value, from the price you mentioned, from fifty cents to one dollar, if so increased in that proportion, would you be able to carry on the manufacturing interest without loss?

A. Oh, yes; I suppose we don't manufacture over thirty-three per cent. of the articles that is here possible to manufacture, for the simple reason that there are none of these articles that we can afford to manufacture on account of this tariff; there are plenty of manufactories in the East; competition is strong enough there; there is always more or less waste material in getting up and manufacturing boilers; we are at all of that disadvantage all the time; there is a pretty large manufacturing interest here in mining machinery; there are four or five shops, no one of four that are worth so little as one hundred and fifty thousand dollars; at least four of them are well prepared for the manufacture; all have practically dropped out of the manufacture of boilers and entered other things.

Q. Have you any other statements that bear on these matters that occurs to you?

A. There is an investment of a million dollars in Denver, machine shops, boiler shops, of that class to which I belong, with a capacity for working something over one thousand men—one thousand to twelve hundred men; there is not now, and has not been for twelve months, an average of one hundred and fifty men employed; with the

same discrimination between manufactured articles and the materials for manufacture as there is between pig iron and these materials, I should say we could manufacture all the machinery without competition, because the shops are already made; we are all struggling pretty hard to keep going.

Q. If manufacturing could be carried on on the basis you have mentioned, and men could be employed to the number you have now stated, could you find a market in the field you now sell your goods, employing the number of men you have stated?

A. I think that we could; I doubt if we furnish twenty-five per cent. of the mining machinery used in the State—I don't mean in the State entirely, but that part of the country that is tributary to Denver, that naturally falls into Denver; this water jacket smelter is a kind of specialty peculiar to this country that naturally falls into this market. In the first place there is the discrimination I have mentioned; in the next place, there is no place that I know of within two or three hundred miles from Denver that it does not cost as much to ship to as from the Missouri River; for instance, our concern has a branch in the Wood River country; it costs just the same to ship from here to that warehouse as it would from Omaha.

Q. (By Mr. Rollins.) Cannot the material from which boilers and other articles of machinery are made be packed in less space and handled with less labor in the knock-down raw material than the manufactured mill you speak of?

A. I should say, as a railroad man, that there would not be much difference; there is no trouble in getting a load of machinery and there is no trouble in getting a load of raw material.

Q. (By Mr. Rollins.) If it is manufactured machinery does it not require more care in handling and is it not more liable to injury in its manufactured form than the knock-down?

A. Yes, sir.

Q. (By Mr. Rollins.) For that reason would not it naturally follow that the increased care would require more pay?

A. The supposition would be as you increase in value the rates would increase in regular order as the value in-

creases; it is no more trouble to handle a car load of boilers than a car load of pig iron, the boilers being worth a good deal more than the pig iron the freight should be governed accordingly.

Q. (By Mr. Rollins.) Is not it more trouble and more risk in handling anything manufactured than the material?

A. Yes, sir; in case of wrecks the risk is greater.

Q. (By Mr. Rollins.) Is not it usual in Eastern roads to govern their charges by the risks they incur in carriage?

A. It is difficult to state what the custom is. I mentioned a moment ago that it costs just as much to ship from Denver to Wood River as it does to ship from the Missouri River; but I suppose there is nobody here that would expect to pay as much to ship from New York to Buffalo as from New York to Cleveland; it comes right through Denver to points a long way beyond, and the freight charges are no higher from the Missouri River than from Denver.

Q. (By Mr. Rollins.) If they made the same distinction in rates between the material from which you manufacture machinery and boilers that they do between the pig iron and the manufactured iron, in proportion to its value, then, with that advantage in your favor, would you be able to manufacture machinery and boilers and compete with Eastern manufactures?

A. Oh, yes. The facilities are here for the manufacture, and it would be done if that same discrimination could be made as between the manufactured articles and the material that there is between pig iron and the manufactured iron.

Q. (By Mr. Gilmore.) A remark you made a moment ago may need some further explanation: Did I understand you to say that articles manufactured in the East are shipped through Denver at the price they are shipped into Denver?

A. No; at the price shipped from Denver to those same points; for instance, you take as a sample Hailey and the Wood River points, the freight is the same from Denver to those points as from Omaha and Kansas City.

Q. Not the same as from Chicago?

A. No, not beyond the Missouri River; of course, I have no means of knowing what it is beyond.

Q. How would it be shipping to such places as Leadville, Canon and Silverton?

A. If they were pooled points—for instance, if it was one dollar a hundred pounds from the Missouri River there and forty cents a hundred pounds from the Missouri River here, it would be the difference added.

Q. (By Mr. O'Driscoll). Why is it then that they charge the same rate from the Missouri River to Wood River that they do from here to Wood River, as that is not a pooled point?

A. That is what I would like to have somebody tell me.

Q. Is it not because they get the long haul?

A. Yes, they get the whole haul.

Q. (Mr. Stirman.) Is this estimate made by the hundred pounds on pig or bar iron the same as manufactured machinery that is estimated by weight?

A. Yes, sir.

Q. How does a car load of pig or bar compare with a car load of boiler in weight?

A. You can easily get that; cars run from twenty to forty thousand pounds; you can load any one of these cars to its full capacity with boiler or pig iron.

Q. Is there not a great excess to the car; can you fill a car with boiler to the same capacity as those with pig—the same weight?

A. Oh, yes; cars always have their capacity; a customer must not over-reach that; as far as iron work is concerned it is not bulky goods.

Q. (By Mr. Hamblin, connected with the Atchison, Topeka and Santa Fe R. R.) Will Mr. Nesmith say how many cars of pig iron it takes to make one of bar iron?

A. There is not much loss.

Q. Some?

A. A little.

Q. Would not that account for the difference in freight?

A. I should think not; there is not much loss; not fifty nor ten per cent.

Q. Don't you buy the bar iron whole?

A. They manufacture in sheets, in boiler rivets, in nuts. We buy nothing but simple merchant bar iron, such as is used by the ordinary blacksmith shops.

Q. In doubling up the shipment rates would that be prohibitory?

A. We don't care about that so the rate is kept the same.

Q. Would that be prohibitory?

A. I should think not.

Q. If you should double your machinery rate, say bar iron is one dollar, would not that be prohibitory?

A. I should think not. I would keep the same thing in pig and bar, the same proportion. If it is logical to charge more for bar iron than pig, it is certainly logical to charge more for manufactured machinery; that is, if you increase it on bar, band, etc., it must be legitimate to still increase it when manufactured into machinery.

Q. (By Mr. Hamblin, of A., T. & S. F. R. R.) What does the machinery consist of; is it manufactured here?

A. Yes, sir.

Q. How about agricultural implements?

A. I have not said anything about that.

Q. It affects the interests of the State to the same extent?

A. It is supposed there is no manufacture of agricultural implements here; I have nothing to say about that. How, for instance, is it that drilling machines, hoisting machines, stamp mills and furnaces are shipped in the same class? You can always get any of these articles here on Five or A. Can't you afford to haul agricultural machinery at same rate?

Q. It is not a question as to what we can afford; it is a question of what is right and wrong. You are talking about the iron interests alone. There are other interests besides that we can protect. In protecting the iron interest you discriminate against some other men.

A. Not against manufacturing interests. Why should you put bridge material at D and bring in that we have to use in making it at Five and Four. Why, bridge material, you will haul it for D. If I go to the Missouri River and buy ten car loads of bridge iron, in that case you reduce the freight twenty-five cents a hundred pounds from the Missouri River here. Why is that?

Q. The iron is not here.

A. You won't bring it here to be manufactured into bridges.

Q. The question is, what are we going to arrive at which is best for the most people. When this country was first opened, how many manufactories were here of boilers and such as that? Has the rate changed any since that?

A. Yes, we used to pay—

Q. You testified that the rate hadn't changed for the past six years.

A. That it hadn't become more favorable. In a few instances machinery was shipped in cheaper.

Q. Now, when you get to manufacturing machinery you expect us to advance our tariff fifty or seventy-five per cent.

A. No, sir; I have not argued that. (By Mr. Rollins, in reply to Mr. Hamblin). If the railroad interests desire to be represented, I suggest that they employ an attorney. If it is open to one it has got to be open to any other railroad interest. Without wishing to reflect on this gentleman, the examination, conducted in this manner, runs into a rambling scramble and becomes interminable. The questions should be fair questions and not arguments.

Q. (By Mr. Stirman.) I should like to know as to whether prices could be also increased in the same ratio on machinery from here out, and whether it would not make it prohibitory?

A. If the prices were increased from here out it might make it prohibitory; we are so discriminated against that we can't ship out; all I want is something like proportionate rates between the Missouri River and these points and Denver and these points.

Q. You start with pig iron at a certain price and add another price at another step, how would it be if you took machinery as a basis and went the other way?

A. The effect would not increase the liabilities or expense.

Q. (By O'Driscoll). Do you wish to be understood as saying that the price of raw material is the same as the manufactured article; do they make any discrimination—charge you more for the raw material than the manufactured article would come for by the ton or car load?

A. They charge for pig iron a half dollar a hundred pounds, then they charge for bar iron a dollar a hundred pounds, but if it is boxed and goes into machinery it costs us only sixty cents a hundred pounds. All these articles

that are not made here and enter into the construction of machinery cost the same freight from the East here that the machinery costs.

Q. (By Rollins). The question was asked the witness if there was a loss in converting from pig into boiler iron. He said there was a loss not to exceed ten per cent.; is there any loss in the manufacture of the bar and sheet iron as you get it here into boilers and machinery?

A. Not much.

Q. How does that compare with the loss in converting from pig into malleable iron?

A. About the same thing.

Q. Still you say that in the transportation of pig iron and bar iron, while in malleable iron and machinery there is no difference?

A. No difference.

Q. (By Gilmore). You suggested in the introduction to your examination that you could make out a table of these differences by examining this rate sheet, and it would take some little time for you to do so; will you make out such a table and bring it at a future meeting?

A. The point was, that if I had a little time to calculate I could save the time of the committee. The first point is, we want to manufacture machinery for those who naturally come here for it; we sometimes send machinery to Arizona, simply because it is a character of machinery that is peculiar to Colorado; there may be some chance that it cannot be got elsewhere to so good advantage; they might go to some other furnaces; it is simply for it and nothing else that we are indebted to all the business that we ship to Wood River or Arizona; we pay the same or more than from the Missouri River.

Q. (By Hamblin). In your machinery in Nevada and Arizona, what competition is there?

A. No Western competition.

Q. California don't come in there?

A. No, sir; the points where we are selling machinery happen to be such a class of machinery we manufacture. I think there is a little California machinery there; we are sending a car load of goods there, but not from Denver.

Q. What is the difference between pig and bar iron in price?

A. Pig iron is worth twenty dollars—twenty to twenty-two dollars—a ton at St. Louis and Chicago, and bar iron would be—say about a little over double.

Q. The difference between a boiler and boiler iron is the labor on it?

A. Yes, sir; and the tools.

Joseph L. Bailey, being duly sworn, testified as follows:

Q. (By Mr. Gilmore). What is your name, Mr. Bailey?

A. J. L.

Q. Where do you reside?

A. Denver.

Q. What is your business?

A. Have not been doing anything for a couple of years; was in hay and grain; have been out of that for two years.

Q. Do you know anything about an attempt to establish a paper mill here?

A. I don't know much about it. Last summer there was a gentleman—an old paper man—by the name of Woodworth, from New York State, was here spending the summer. He got a notion that a paper mill would pay. We looked the matter up pretty close, and come to the conclusion to put one up; I was going in and two other parties—two from New York State. We selected a piece of ground and concluded to buy it and put the mill on it. He went back home to buy the machinery. When he come to make his rates, he was notified that they would put the rates on the paper so that he could not manufacture it. He was going to put in two hundred thousand dollars. That was all I have heard from him.

Q. Do you know who the parties were that notified him to that effect?

A. No; he didn't write to me of that; he told me the parties he had been figuring with.

Q. Did he tell you the kind of business they were in?

A. He is an old paper man himself.

Q. Did he tell you the parties who said these things to him?

*Deliberate
shut off*

A. No, sir; he just wrote me that he had been notified, and concluded not to go into it.

Q. You say he was to invest two hundred thousand dollars in the scheme?

A. Yes, sir; there was three others besides him.

Q. What was Mr. Woodworth's full name?

A. I don't know his initials; I can get the letter and find out; he boarded at the American House all the time he was here.

Q. What time was this?

A. This last summer—1884.

Q. Anything else you know that bears upon the question under investigation?

A. No, sir; I have not been in business for the last three years; all my shipping was in the State—different parts of the State.

Q. Do you know anything about the manufacture of soap, or attempt at manufacture?

A. No, sir, I don't; there has been two or three concerns started, and quit for some reason.

Q. You have no information on that question?

A. No, sir.

Q. (By O'Driscoll). Do you know anything about the schedule of freights here?

A. No, sir; know nothing but about hay and grain; all my stuff come from right here in the State—Boulder, Greeley, Pueblo, and around.

R. W. Woodbury being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business, Mr. Woodbury?

A. I have no regular business at present.

Q. You reside here in Denver?

A. Yes, sir.

Q. You are the President of the Chamber of Commerce?

A. I am.

Q. How long have you resided in Denver?

A. Nineteen years.

Q. The object of the inquiry before this Committee, Mr. Woodbury, is to ascertain the truth of some statements that have gained currency, that railroad companies having their lines terminating in this State, have been accustomed to so regulate their freight tariffs as to discriminate against and discourage our manufacturing interests; we are anxious to ascertain what truth there is in statements for the purpose of reporting it to the Legislative body to which we belong; we have sent for you for that information.

A. I might give you information in my official position, but not from personal knowledge; the past year we have investigated the matter to considerable extent, or attempted to do so; the claims we have made to the railroad managers are to a certain extent denied by the Pool Commissioner, Mr. Daniels; I wish it distinctly understood that I don't know from my own knowledge whether the claims are true or not; I have never been in any commercial business myself and have never shipped any newspaper and paper and job printing material. (The Committee suggest that witness give the source of his information.) I have a suggestion to make to you in that respect; anything I know I would have no objection to divulge, but the majority of shippers are afraid of railroad men and I would not like to give their names; I don't think I can give you much information, because I see before me the *Tribune* of January 1st, and the facts they allege were taken from the report I made to the railroad managers on the nineteenth of November; I should have to refer to my report in my pocket, which I presume is substantially the same; beyond that I don't know that I could give you any particular information; I would say further that Mr. Davis was in my employ and obtained a good many of these facts for me; Mr. Davis gathered most of the facts and I verified them so far as I was able. I received to-day a reply from Mr. Daniels to the communication I gave them on the nineteenth of November; I had barely time to read it, it is a very lengthy one; he disputes some of the positions taken in my communication. (Mr. O'Driscoll suggests that the witness allow the Committee to examine the original article and reply and draw their conclusions therefrom.)

Q. (By Judge Gilmore.) Would you permit us to take this letter and reply and return it to you?

A. I would like to look over it first?

Q. Can you make any further statements?

A. When I said I knew of nothing of my own knowledge, that is subject to reservation; with reference to the match business, I do know I was paying a bill for a match factory, and I finally had to take it into my own hands. I know in regard to the business—the wholesale business—that they put their matches down lower than they could be made for. The statement as to the freight rates I took from Mr. Davis. That is the only item in which I am personally acquainted with.

Q. Do you know of any instance where railroad rates were lowered immediately or soon after, the establishment of some branch of manufacture here?

A. Only what I have been told, from others. I have been told by others in making up this report, for instance. The man who was manufacturing glass here said while he was building his works and had some two hundred thousand brick, while he was getting ready to start, said the freights were lowered. I urged him to give me the freight tariffs; he could not do it. The Pool Commissioner says they never was reduced.

Q. Reports have been made to some of the members of the Committee that, while the published tariffs were not reduced after some manufacturing industries were started in this State, yet persons who were engaged in selling the manufactured articles which had been brought from the East had been getting some rebates to enable them to sell manufactured articles here. Do you know anything of that kind?

A. No, sir; nothing except reports. It is hard to put your finger on proof. A case where a man told me that he knew where a company shipped in here goods to run out the home manufacture. I don't know of its truth and I doubted it very much, but he certainly told me that.

Q. Could you before this Committee or in any other way, send for that man and let him make his own statement?

A. I should like to see him first. It was considered in confidence between us, so that I ought not to tell you of it.

Matches

Shut off

H. W. Comstock being duly sworn, testified as follows:

Q. (By Judge Gilmore). Where do you reside, Mr. Comstock?

A. Canon City.

Q. What is your occupation?

A. Since the first of March last I have been representing several Eastern newspapers, correspondent of them. Prior to that time I was the editor of the *Mining Gazette*, of Canon City.

Q. Have you heard the statements the Chair has made several times touching the object of this inquiry?

A. Yes, sir.

Q. I will not repeat that then. Can you give us any information in regard to the matters concerning which we are seeking enlightenment?

A. Two years ago last summer I commenced an investigation for the purpose of verifying the statements made about discriminations made by the railroad companies. So far as I was able to obtain access to the rate sheet, I accomplished something. Such evidence as I could find I published preceding the session of the Legislature, and during the session, for the purpose of furnishing information that would be of value on that point. These articles are in my files at home, with the exception of two or three. During my absence from home two of the papers were extracted from my files; I never could replace or obtain any trace of them. If I had my files here I could furnish some accurate information that would be of value to you. Such as I remember is of a general nature. I would prefer not to say much about it unless I could refresh my memory by looking over the files.

Q. Have you any information that you could give us now that you would be certain of?

A. I can mention two points, one made by our miller which I found to be true with reference to the rate sheet of the railroad company. He was obliged to buy a large portion of his wheat from the northern portion of the State. The freight on wheat at that time from Denver to Canon City was some fifteen per cent. more than from points fifty and a hundred miles west of there, and in giving his orders for flour from Silver Cliff, Gunnison, Salida, he sometimes saved seven dollars a car load by lading it and shipping it

East and then re-billing it to its destination. The actual figures I cannot give you from memory, because there were a number of other articles of produce and lumber; if they desired to ship them West, they could ship them down to Florence, and then re-bill them to their destination; with some articles they could save seven dollars a car, and on others they could save twelve and fourteen dollars; I cannot give from memory the exact amount they could save in shipping flour that way, or the exact amount he could save in shipping wheat, and beat the railroad company, as he expressed it.

Q. What was the name of that gentleman that was engaged in this?

A. J. B. Chapman.

Q. Where does he reside now?

A. Canon City.

Q. Is he in that business now?

A. Yes, sir.

Q. Are there any other parties that reside there or elsewhere that you know of that can give us information on the subject of our inquiry?

A. Yes, sir. I can refer you to the colliers there, the coal mines; they were interested parties; that was brought to my attention in this way: A friend residing in Silver Cliff wanted a hundred tons of nut coal; the colliers at Coal Creek and Williamsburg could not furnish the nut coal; they had the slack, and colliers at Canon City had the nut coal. I applied to one of the colliers near Canon City to know at what rates he would ship a hundred tons of nut; he gave me the rate and I transmitted it to him. He then undertook to procure a rate himself on Canon City and Silver Cliff; he could not get anything satisfactory beyond the local rates; in other words, it would cost, if shipped from Canon City north two dollars more than from Coal Creek, hence he had to make a trade with the Colorado Coal and Iron Company. Mr. Sessions brought this matter before me, and insisted on my giving the facts to the public; I did so.

Q. What is the name?

A. Thomas Thornton.

Q. Where is he?

A. At Canon City. His brother is associated with him as the Thornton Coal Company.

Q. Can you give us any other names?

A. A. L. Hays also has a colliery there.

Q. What feature of this matter can he give information upon, the same as Mr. Thornton?

A. Yes, sir; he was prepared to ship a great deal more coal than he had a local demand for, and was unable to get rates, so he shipped from Coal Creek; he and Thornton and Company have been shipping for some little time to Pueblo; I was informed that they were paying two dollars more per ton for their coal from Canon City to Pueblo than the Colorado Coal and Iron Company from Coal Creek; he would not have been able to make the contract except for the prolonged strike in the Colorado Coal and Iron Company's mines.

Q. Can you name any other parties?

A. There was a firm engaged in the lumber business at that time, but they have removed; they made certain charges against the company, which I investigated and verified; they, I think are at Grand Junction.

Q. What are their names?

A. Rice Brothers.

Q. Do you remember the names of the firm, the individuals?

A. No, sir; don't know that I ever knew them; my business was altogether with the firm.

Q. Have you any other names?

A. There are a dozen or more that I investigated, but I don't remember the names; I have a file of them.

Q. Could you furnish us with a list at some other time?

A. I can by sending down for my files, covering that period from October, 1882, to February, 1883, during that period that I was investigating it; I can send home for my files.

James D. Davis being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name Mr. Davis?

A. James D.

Q. Where do you reside?

A. On Lawrence street.

Q. This city?

A. Yes, sir.

Q. What is your business?

A. I have been in the match manufacturing business since coming to Colorado; have been a manufacturer for the last thirty years. I am familiar with various kinds of manufactures, cotton, woollen, chemical. There seemed to be an opening for the business of matches here.

Q. How long have you been manufacturing matches here?

A. About a year.

Q. How extensive has your manufacturing been?

A. Have made as high as twenty-five and thirty gross a day.

Q. Where is your place of business?

A. Ninth street.

Q. In Denver?

A. Yes, sir; West Denver.

Q. The object of this investigation is to ascertain the truth of statements which have been published in newspapers and from mouth to mouth to the effect that railroad companies have been accustomed to regulate their freight tariff so as to discriminate against and discourage the manufacturing interests of this State. We want to know whether these statements are true or not. Can you give us any information that will bear on this?

A. I will not vouch for the absolute accuracy of all the statements made to me. During the summer, and especially after I closed my factory, I interested myself to visit various manufactures to see if in other lines the same competition or combined competition of Eastern manufacturers and reduced railroad rates. I will say in a general way that such discrimination has obtained here, but whether it is general or not I cannot say. The rule had been that the rates on manufactured merchandise have been as low or lower—two thirds lower—than the raw material.

Q. You can confine yourself to your actual experience as you were engaged in the manufacture of matches.

A. Yes, sir.

Q. You may state what you know in regard to railroad tariffs affecting the manufacture of matches.

A. Of course, called suddenly to express myself I have more or less embarrassment. In the fall of 1888 the

rate on matches was three dollars and sixty cents on the one hundred pounds; they weighed about seventeen pounds to the gross, so you can reckon from a hundred pounds the freight rate on a gross of matches. The rate had been reduced during the summer and fall of 1884. When it was clearly demonstrated that we could sustain ourselves it was reduced to the rate on wood and willow ware. There is a false classification; first, a reduction to two dollars instead of three dollars and sixty cents; and second, a false classification, so that the goods were shipped, instead of being properly classified extra hazardous, they come in under the same classification as wood and willow ware. This enabled parties to buy in large quantities, two, three and six thousand gross at one time; to buy a full season's stock at one time at very reduced prices, so that it swept away the protection of the railroad tariff which was our only margin to protect us. We said when we entered the business with four or five thousand dollars, we were satisfied with the thirty-five to fifty cents a gross, but when they were five and ten cents there was not sufficient margin to protect us in the manufacture. The manufacturer will not get the full force of the blow until the goods have been put into the market. We did not feel it until the first of October; we commenced the first of July or first of August.

Q. What was the tariff at that time?

A. Three dollars and sixty cents.

Q. After you commenced your manufacture what rate was it reduced to?

A. Two dollars and sixty cents was the last I heard.

Q. Matches were shipped in here falsely classified as wood and willow ware?

A. Yes, sir.

Q. What was the rate on that?

A. I cannot give you the exact figures on that; I have given up much of the memorandum I have made.

Q. Was the rate on wood and willow ware below two dollars and sixty cents?

A. Oh, yes. (By Mr. Hamblin). Wood and willow ware is one dollar.

Mr. Rollins suggests that Mr. Davis advise himself from the sources within his reach and meet the Committee at some future time. He also moves that when the Committee adjourn they adjourn to ten o'clock on Monday forenoon. Carried.

Q. (By Mr. Hamblin.) Did you say the rate a year ago was three dollars and sixty cents on matches?

A. I am not positively accurate recollecting figures so far away as that; I had no idea of being called up as a witness, but that is my impression.

Q. Is not it a fact that the rate was two dollars and forty cents at that time, and three dollars and sixty cents at carrier's risk?

A. That may be; I have circulated around among these manufacturers and have got points from them that I could not get from any other source; the manufacturer of one class of goods told me that the railroad companies would allow him to ship his goods at his own risk or else pay a higher rate before he could receive or see the goods.

Q. (By Mr. Gilmore.) We are seeking information the best we can, and we desire to inquire if you can give us the names of those from whom we can get information and the character of the information?

A. Mr. Pool, William E. Pool.

Q. Can you tell his address?

A. Yes, sir; corner of Holladay and Eighth streets, West Denver.

Q. What is his business?

A. Soap manufacturer.

Q. What information can he give?

A. He will give you information on his goods as far as he can; the competition in soap is very keen; I don't think any manufacturer can tell what the rates are, but there are very strong rebates; L. A. Melburn, corner of Twenty-second and Larimer streets; he is sick but may be sufficiently recovered now; the first report from him was that he could bring in a car load of carriages in the knock-down state at two-thirds of the price of the materials; also Mr. Kuner—J. C. Kuner.

Q. What is his business place?

A. Corner of Holladay and Twenty-third streets - no, corner of Blake, not Holladay. I will get some names that I don't recall; Taussig and Woodie, box manufacturers.

Q. Where is their place of business?

A. Ninth street, between Larimer and Lawrence; Mr. John Nesmith, President of the Colorado Iron Works; one firm of which I have been acquainted for a good many years, the Colorado Boot and Shoe Company, they are an

off-shoot of the house of Jacob Shallcroft; I was sorry to see them go because they had abundant capital to carry on their business if they had been sustained by accommodating rates; I will say here that there has been more complaint about getting out of Denver rather than getting into Denver.

Q. Can you give us information as to the name of parties that can testify in regard to this?

A. There is another party—Mr. Stewart, of Kindle & Stewart. They are manufacturers of mattresses, lounges and that class of goods. If you will call Mr. Stewart he is very definite and accurate in giving figures. You will find his memory very accurate in that respect. In that line of business Mr. Hax Gartner & Co. In their business I will speak of this feature. They get out full finished furniture and pay no more than they do for white wood. The theory is that the freight tariff should be based upon two points—the value of the merchandise and the haul—the mileage haul. If there was no discrimination except on such points there would be no reason for complaint on the part of manufacturers.

Q. Have you any other names that you could give us?

A. There are several others. I will make out a list and give you on Monday at 10 o'clock. I will note some points, for I am thoroughly interested in Denver. There are certain lines of industry—when I made my report to the Chamber of Commerce, the other night, I indicated over thirty—some paying over two hundred per cent. profit. Mr. George L. Canon, on Seventeenth street, near Lawrence street, is thoroughly conversant with the chemical manufacture. Mr. Lewis, of Lawrence, Kansas, refused to come here when he found the rates.

Q. (By Mr. O'Driscoll). What was the difference in the price of matches in the beginning, from the time you commenced until you had to close?

A. We sold the wholesale dealers at a very moderate price. We would have been able, in the summer of 1883, at as high as two dollars and a half a gross. We were obliged to sell at a reduction of a dollar, or nearly that, to take their trade. That was about sixty-six per cent. discount. They changed their rates after we had got fairly started. Of the twenty-seven million dollars worth made

in 1883, twenty-two millions were made by one company, the Diamond Match Company.

Q. Where are they?

A. Headquarters in New York and Chicago; it is a combination to sustain prices, and they made some eight millions on their product that year.

Q. (By Mr. Hamblin) What was the reduction caused by?

A. It was a combination to crowd out small dealers.

Q. The large reduction was not a reduction in the rate *per se*, but the false classification?

A. Yes, sir.

Q. In regard to that false classification, can you cite me to one instance of a car coming in here?

A. I saw the bills myself, but wouldn't wish to give the name. That was at the connivance of the business men with the railroads. It took two of them.

Q. If the matches should get through here as wood and willow ware, the railroads might not be responsible for it?

A. The managers would be held as culpable.

Q. At this time was not it an established fact that there were no rates in Colorado?

A. That is possibly so.

Q. Is not it a fact?

A. I cannot verify your statement.

Q. From the first of March to the first of October, 1884, there were no established rates?

The Committee met on Monday morning, January 21st, 1885, pursuant to adjournment. Present—Gilmore, chairman, Rollins, O'Driscoll, Hinman and Stirman, associate members of the Committee:

J. D. Davis recalled, testified as follows:

Q. (By Judge Gilmore.) Mr. Davis, at the time you vacated the stand on Saturday afternoon there were some matters that you said that you required to get some further information on, that you could get that information this morning; are you prepared to furnish that now?

A. I will leave it with you, written out in detail and simply indicate where I found that discrimination; I would

prefer as far as cross examination on details is concerned that these facts should be verified by the manufacturers themselves; I have collected them as a general outline to show what discrimination had existed in the past and is existing in the present. The first is the Vinegar and Pickle Works and points given after this manner (witness refers to diagram) the points taken east and west of Denver and the rates existing on manufactured merchandise and the materials showing that the materials were charged higher than the manufactured merchandise; merchandise being worth two or three times as much as the materials, amounting to a prohibitory tariff. The boot and shoe business are out of town, removed from town to Buffalo. I will furnish maps with detailed information.

George L. Cannon, being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your business, Mr. Cannon?

A. I am a general broker.

Q. Where do you reside?

A. In Denver.

Q. How long have you been here?

A. I have been living here some four years; in the State twelve years; I have been here every week for several years.

Q. Have you been engaged in any other occupation during the past four years in this State besides that of general broker?

A. I have not.

Q. This Committee is appointed by the House of Representatives for the purpose of making inquiry concerning the alleged discrimination of railroad companies in regulating their freight tariffs against the encouragement of the manufacturing interests of the State. You have been called, Mr. Cannon, to see whether you could give us any information that will help us in this investigation?

A. My testimony will be all hearsay; at least, a great part.

Q. As far as it is hearsay you may so state it?

A. The best way to get at the facts—I was called upon. Mr. Davis spoke to me late Saturday evening, that

I could give some information to this Committee. I would state that the Denver Chemical and Smelting Company—the capital was furnished by Eastern men, friends of mine; these facts I have from the president and general manager of the company; the general manager is in town, but cannot come out of his house; being very well acquainted with them, they told me the facts; they said as far as the Denver trade is concerned, that the railroads never have reduced rates in shipping here; but in shipping out, they could get cheaper rates than they could from Denver, whereas, in Denver they could manufacture as cheap as they could in the Eastern cities, but from the fact that they could not get rid of what they could make. One man told me himself he bought the carbolic acid to ship to Silverton; the freight was more than the acid; could get it from St. Louis and ship it in there cheaper than from Denver. One man from St. Louis said: "Cannon, I wish you would get rid of this damned stuff." Parties who are here could not get rates so they could handle the goods. The general manager has explained it to me fully. I know they went to railroad companies and got their rates for acid here and for acid at other different points. It was against the manufacture of it here when the goods can be manufactured here as cheap as they can anywhere. A deposit of sulphur has been found here nearly pure—at Red Cliff. I sent a man to ascertain what they could get that brought in here, to manufacture our sulphuric acid from. The first question was what sulphur was worth here and what it was worth at the shipping ports in the East. They had been shipping from Baltimore at eight dollars a ton. They had to ascertain this. The result was they agreed to bring in one or two car loads at fifteen dollars a ton, but would not agree to give any specified rates for a year. In the first place, they want to see how much they can bleed a man, to bring it down to plain terms. I was also told by a manufacturer of flour here—I don't think he is here now—he went South to New Mexico and obtained the rates for flour for shipment; found he could supply the New Mexico trade at a profit; as soon as it became known that he was supplying that trade they raised the rates so that he could not supply it without a loss. In general I do a good deal in soliciting. I have worked as hard as I ever did in my life to get capital for these chem-

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ical works, but they say it is no use. They will do as they did in the powder works. That is the general expression as soon as you mention it to any capitalist.

Q. Can you give us the names of those who will give us the facts of this powder enterprise?

A. Mr. Wolcott is president of it—I think he was.

Q. Which Wolcott?

A. Henry R. Wolcott. John W. Knox was interested in it. In regard to the flour manufacture, I can get that party and the facts. These are names that was told me in the way of business.

Q. When the information comes second hand it has not the stamp of reliability. It is desirable that we should get the statements under oath.

A. I can get the names at some future meeting. A. E. Burwell obtained that information; he got those rates and was one of the owners of the money. I will state one fact: A man by the name of Richardson come here some four or five years ago from Milwaukee and went into the business of flavoring extracts. After he got well established the rates on the chemicals used in the manufacture advanced so that he could not compete with the Eastern manufactures. My son is engaged in that business. The article of liquid blueing—I state this as a fact—a firm in Kansas City will ship in blueing for less than we can get the glass bottles delivered here; we have to buy second-hand bottles, wash them and fill them.

Q. (By Mr. Rollins.) This is shipped in glass. No other brought here, is there?

A. No, sir. The empty glass bottles cost more than the bottles filled.

Q. What is the name of your son?

A. George L. Cannon, Jr., 270 Seventeenth street. As regards soap, the parties in interest will appear before you and testify; the manufacturers of soap. Kirk's soaps are sold here at two dollars a box less than they are sold in Chicago. Soap can be made here as cheap as it can East. We have here immense beds of sulphate of soda; there are over two thousand tons sold in a year. Capital is afraid to take hold of it on account of the discrimination made by railroads. We have everything in the chemical line near Denver for manufacturing here. I will see the manager of the chemical works and get from him some data which may be valuable to you.

Henry Stewart, being duly sworn, testified as follows :

Q. (By Judge Gilmore). What business are you engaged in Mr. Stewart?

A. Manufacturing excelsior mattresses, lounges, cots, etc.

Q. How long have you been in that business here?

A. About four years.

Q. You heard the statement which the Chairman of this Committee made in regard to the object of this investigation?

A. Yes, sir.

Q. Have you any information which you can give the Committee upon this matter?

A. We have no particular complaints, except that we find it difficult to get goods out of here to some points.

Q. What are the facts in regard to the matter?

A. We find a good deal of trouble in getting goods down to New Mexico; we had a good trade there, it is pretty near all gone now.

Q. What were the railroad rates at the time you had a good trade?

A. (Witness referring to schedule). These rates apply on goods shipped in, it does not apply to home products; it is a special rate we have down there; you recollect Colorado points last summer, it made rates much higher in that country.

Q. At the time you were able to ship goods to various points in this State and New Mexico, if you will state what the rate was and if advanced since?

A. Mattresses is our principal business; the rate to Las Vegas was one dollar and fifty-five cents a hundred; of course the Rio Grande was charging only five cents a hundred—this applied to between here and Pueblo at that time—now the rate is two dollars and eighty-three cents; it makes quite a difference, take all the other points the same way; Albuquerque the rate was one dollar and forty cents when we had a special rate, now it is two dollars and twenty cents, that is first class rate; it is three dollars and eighty-three cents now, before the rates were withdrawn it was two dollars and fifteen cents.

Q. How heavy is an ordinary excelsior mattress?

A. Thirty pounds.

Q. What else have you?

A. It applies to all the goods we handle.

Q. Have you other points in Colorado where there has been any change?

A. The rates are very high; I don't suppose they are higher to us than they are to other people shipping the same goods.

Q. Do you know the rates from the Missouri River to places where you have a market, and the rates from Denver to those places?

A. No, sir; I have not the schedule.

Q. How is it so far as Colorado points are concerned?

A. I think to Leadville or most any point, I think the rate from here is added on.

Q. You mean the freight from the Missouri River point to Leadville would be the same as from Denver and the local rate added?

A. Yes, sir; only it is through rate.

Q. On that point you cannot give any information that is positive?

A. No, sir.

Q. You cannot give it from your experience?

A. No, sir. I can give you the rates from here out as far as the New Mexico points; while this is the regular rate I have given from here, it is not quite as high as the rate from Kansas City to these points.

Q. Do you know about the rate to Montana, Arizona and Idaho points?

A. We have Missouri River rates.

Q. So it costs you as much to ship from here as from the Missouri River?

A. Yes, sir; and until lately we had to pay more; they considered it quite a concession to give us Missouri River rates; we ship to Idaho City at three dollars a hundred pounds; we don't think that is a very high rate; it happens to be a pretty low rate from the Missouri River; we manufacture baled excelsior; before I commenced the manufacture I don't know what it was; it used to be that we had to get twenty thousand pounds in a car to make a car load; you cannot get the necessary weight in a car; we would have to pay for the twenty thousand pounds whether you got it in or not; lately there has been an effort made to lay it down here at a car load less than twenty thousand pounds; I think it has been obtained.

- Q. That militates against your manufacture does it?
- A. Yes, sir; a good deal.
- Q. Can you ascertain the facts as to what the rate was before you commenced the manufacture, and inform us?
- A. I don't know as I could; I don't see how I could.
- Q. When did you begin manufacturing?
- A. I began four years ago.
- Q. When was the rate reduced?
- A. I could not tell you that exactly.
- Q. That is the essence of our inquiry?
- A. Mr. Bayles used to be in the furniture business, and he might inform you.
- Q. What is the rate now?
- A. Fifty cents a hundred.
- Q. How long has it been fifty cents a cents a hundred?
- A. Since I remember; it has been brought to our attention more particularly the last two or three years, because it has been shipped in.
- Q. Where do you get the material from which you make this excelsior?
- A. We get it from the mountains, Como, Buena Vista.
- Q. Has there been any change in the price of the material from which you manufacture, or the rate been changed in any way?
- A. No; I think it has been about the same rate.
- Q. Has there been any change on the rate of shipping out from here, as you stated, down to New Mexico?
- A. No; the rates on excelsior mattress is double first-class matter; the Union Pacific charges us—the rate to Georgetown is seventy cents; we ship two kinds of mattress, hair and wool; the excelsior is double first class matter, which makes an exorbitant rate.
- Q. Is there anything else you can tell us?
- A. No.
- Q. (By Mr. Rollins.) Do you know of any reason for the difference in rate for the different kinds of material?
- A. I suppose on account of the bulk.
- Q. They charge double first class rates on excelsior, and one first class rate on hair and wool?
- A. Yes, sir.
- Q. (By Mr. Stirman.) Where do you purchase your hair?
- A. In the East.

Q. How does that compare with mattresses in freight from the East?

A. The same rate.

Q. The freight on manufactured goods which you manufacture is the same as on the raw material from which you manufacture them?

A. Some articles.

Q. On all things that you have from the East the freight is the same as on the manufactured articles?

A. In some instances it is higher.

Q. State what goods?

A. On springs, for instance; we can buy them and haul them down by the car load for less than we can make them here; we can get a lower rate on these goods than we can on the raw wire.

Q. What is the difference?

A. I don't know.

Q. The rate on the raw material is higher than the manufactured goods—the material that goes into the manufacture of spring mattresses?

A. Yes, sir.

Q. Are there any other kind of goods discriminated against?

A. I don't know that there is that I can recall now. In order to get this rate into New Mexico, we had to guarantee that we would give them our shipping from the East, and in order to get this rate from Montana and Idaho we had to guarantee to give them our haul; we was between two fires; we wanted to ship goods down here and up there; we had to guarantee in order to get that Missouri River rate into Montana to give them our haul.

Q. So you could not get the same rate from Denver to Montana as from Missouri to Montana, unless you guaranteed to give them your whole business from the East?

A. No, sir.

Q. So the regular rate from Denver is higher than from the Missouri River?

A. It used to be.

Q. It was so until you made that agreement with them?

A. Yes, sir. We had no great complaint to offer in regard to rates up there because they just happened to be low from the River.

Enoch A. More, being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your business?

A. Clerk for J. S. Brown & Brother.

Q. What particular department of J. S. Brown & Brother are you connected with?

A. Invoice.

Q. Are you acquainted with the action of freight tariffs connected with that business?

A. I don't understand the question exactly.

Q. Are you acquainted with freight tariffs on railroads in connection with the business of J. S. Brown & Brother?

A. No, sir.

Q. How can you ship goods then?

A. My business is to invoice the goods after the price is given.

Q. Are you acquainted with the freight business in connection with any other firm than that of J. S. Brown & Brother?

A. No, sir; I cannot say that I am.

Q. Who is the person connected with J. S. Brown & Brother that could give us this information?

A. Frank Hall; he is the clerk that attends to the shipping; he knows about the freight business.

Q. Who makes the contracts?

A. Frank A. Hall.

Q. Would Mr. Hall come up here without being subpoenaed if he was telephoned to any time?

A. He has gone to dinner now; I think he would.

Q. What is your telephone number?

A. 236.

Henry C. Taussig, being first duly sworn, testified as follows:

Q. (By Judge Gilmore.) Where do you reside, Mr. Taussig?

A. No. 660 Welton street.

Q. In this city?

A. This city.

Q. How long have you resided here?

A. Four years last October.

Q. What is your business?

A. Manufacturer of packing boxes?

Q. Have you heard the statement the chairman of this Committee has made with reference to the object of this inquiry.

A. No, sir.

Q. The object of this inquiry is to ascertain the truth of the reports to the effect that railroad companies having their lines terminating in this State have been accustomed to discriminate and discourage manufacturers here; we have sent for you for the purpose of learning what information you can give us on that question. Have you any information that you can give us?

A. I am a manufacturer here and am interested, but have not been subpoenaed; I saw the article in the paper and came.

Q. It makes no difference whether you were subpoenaed or not.

A. I have very few words to say with regard to this matter; I will say this, that I am a manufacturer of packing boxes; the freight on packing boxes from Kansas City or from Missouri River points, manufactured complete in the knock down shape are the same exactly as the rough lumber in the roughest state; in manufacturing boxes there is considerable waste; the freight on this is not paid on the manufactured articles; this I have to pay; it is a special rate to our manufacturers who use boxes on this special article of boxes that are knocked down. I have been trying for a little over two years, and have to some extent succeeded; I am trying to get along in my business; how much longer I can get along I can't tell; some manufacturers of crackers and soap here are still getting their boxes from the East; the object when we started here was to make boxes as cheap as we can get them from the East; it is now to make them cheaper.

Q. You have to make them of Colorado lumber to get them as cheap as from the East?

A. Yes, sir.

Q. Do you know whether the rate has been changed as to boxes since you went into business?

A. It has not, but two houses get enough to furnish them in car loads at the same as lumber, the tariff reads the same as seasoned lumber, so that the manufactured article goes in the same rate as the raw material.

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Q. (By Mr. Stirman). What per centage of loss is there in the lumber in the manufacture of boxes?

A. It is very difficult to give that; it depends entirely on what kind of boxes you make. I sell on an average of twenty-five loads of kindling a month on an average of waste; we make boxes from an inch and a half to twenty inches high; if we make a box eight inches high we can make it out of eight inch lumber; if the box should be eight and a quarter, that box must be made out of ten inch lumber, so it is difficult to tell the percentage of waste; we have, for instance, cracker boxes, where we have our lumber sawed purposely for cracker boxes, on them there is not so much waste, though every box has waste.

Q. Do you know whether there is any distinction in shipping in and out of Denver?

A. No, sir. I never could compete outside of the city; I have very few people that I sell boxes to where I sell in large quantities; we have soap works in Pueblo, I can't sell to them; the rate is the same from Kansas City to Denver as Pueblo; I would have to pay the additional rate from Denver; I get lumber from the mountains; my rate from Jefferson is sixteen and one-half cents, between seventy and eighty miles; the lumber is shipped here from Kansas City for only fifty cents; If I could afford to get cheaper rate from Jefferson to Denver I could manufacture so much cheaper; this rate from Kansas City is not based upon the mileage; it is only seventy-one miles from Jefferson and over six hundred from Kansas City.

Q. (By Mr. Rollins). What is the freight on rough lumber from the Eastern supply markets to Denver?

A. From Chicago and St. Louis where most of the lumber is shipped from; I gave my idea to Mr. Woodbury; I think from Chicago it is seventy cents; it don't make a great deal of difference, because there is a great deal shipped from Kansas City.

J. O. Bosworth being duly sworn, testified as follows:

Q. (By Judge Gilmore). This Committee is appointed by the House of Representatives for the purpose of ascertaining the truth of statements that have been made to the effect that railroad companies having their lines terminat-

ing in this State have been accustomed to so regulate their freight tariffs as to discriminate and discourage manufacturing in this State. We have called upon you to obtain information on this subject. What is your business?

A. Fire brick and fire clay manufacturer.

Q. How long have you been in that business?

A. About four years.

Q. In this city all the time?

A. Yes, sir.

Q. Without particularizing, I will ask you to give any statements which will help this committee.

A. We have not suffered so much as others, because our goods are so heavy. There is a discrimination against us on goods sent to Idaho and Montana, and that section of the country not reached by the Rio Grande. Rates to that section are the same as from the Missouri River. We can't manufacture as cheaply here as they can at the Missouri River, as we have the coal to haul and labor is higher, and the demand is not as great, and we cannot manufacture as large quantities. Three thousand fire brick weighs twenty thousand pounds, and the rate on them is one dollar and twenty-five cents from Kansas City or the Missouri River, and the same from Denver. Also, between Denver and Golden, the only opposition Denver has is at Golden. They make the same rate from Denver west that they do from Golden. At the same time, we are compelled to get our material from Golden. It makes an addition of eighty cents a ton. We pay eighty cents a ton more than from Golden, which makes virtually a double freight tariff from Golden to Denver.

Q. Do you manufacture any hollow ware?

A. No, sir; nothing but sewer pipe.

Q. Your goods are very heavy and quite solid?

A. Yes, sir.

Q. (By Mr. Rollins). I would inquire if you have any experience in pottery works?

A. I have no personal experience here, as to the cost of pottery, and the manufacture of it; I know very little about it. Mr. Williams, the man conducting the pottery in West Denver, or Mr. Knox, or Mr. Moulton, would know about this.

John P. Lower, being first duly sworn, testified as follows:

Q. (By Judge Gilmore.) Where do you reside, Mr. Lower?

A. I reside in Denver, 319 Champa street.

Q. How long have you been here?

A. Fourteen years.

Q. What is your business?

A. Gun business, amunition, etc., for the last thirty-three years.

Q. Have you heard the statement in regard to the object of this investigation?

A. I have, sir.

Q. Can you give us any information; if so, what?

A. If you will read that letter you will find out for yourself my object in being here. In the first place, I have this gentleman running a branch store in Durango; this is dated August 18, 1883:

(Reads.) "The goods by freight you invoiced 13th arrived this morning, and the same old story on the shot, the freight rates are the same as on guns or cartridges; in place of two dollars and fifteen cents they charge three dollars and thirty cents per one hundred pounds; I think their freight rates are high enough without extra stealing; I will not pay these charges; I have sent you some time ago a bill where they overcharged on shot and did not get a nickel back of it yet; it is impossible to pay such rates on shot and not come out loser on some goods, not saying to make anything."

(Reads another letter.) "Enclosed please find the bill of lading of the goods you shipped on the 16th, which contained the shot where the railroad company overcharged again, two dollars and thirty cents on two hundred pounds. I was obliged to pay this bill with the overcharges on the ground that shot is classified when shipped in canvas sacks or bags, first-class, rated three dollars and thirty cents; and shot shipped and packed in wooden boxes, two dollars and fifteen cents. I think it is best to look the matter up and pack shot in the way so it will be rated at two dollars and fifteen cents per one hundred pounds; otherwise I can't handle it here at all from Denver, as I would lose on every shipment at three dollars and thirty cents per one hundred

pounds. I enclose you the bill and preserve it for further reference."

I asked for their classifications, they gave me the rate from the Missouri River three dollars and forty-five cents; the rate I paid is one dollar and thirty-five cents; I am obliged to stop my shot here because he runs out of certain numbers; I take from that two or three hundred pounds and send him; I lose one dollar and twenty cents a hundred; a neighbor across the street orders his shot direct from Missouri; it goes right over the same roads; it costs one dollar and twenty cents a hundred less; the same thing occurs in different directions; I hardly sell a dollar's worth of goods west of Cheyenne; they can lay freights down at Rawlins less than we can; I lost an order of about ten thousand; if I could lay them down at Omaha rates I could have got the order; the freights are higher from Denver to Rawlins than from Missouri to Rawlins or the rates from St. Louis; on these metallic cartridges we have a combination; a man can go to St. Louis and pay one dollar a thousand he can pay the freights and carry them to Gunnison at a less price than I can supply them at, one dollar and ten cents; here is a man in Fort Collins, H. C. Brett, the successor or assignee of Brett & Anderson; Brett tells me that he can buy powder of Hibbard & Spencer of Chicago, and lay it down here for less than I can sell it.

Q. Do you know anything about the railroad freights on manufactured articles and the raw material?

A. Not particularly, not from actual experience. I have heard it said in reference to gunpowder that the material is charged such exorbitant rates that they couldn't produce it after the establishment of this powder concern. I understand the rates were reduced after.

Q. Who can give us any information on this point?

A. I think you might call any of these powder men. The agent of the Hazard powder company is J. O. Reynolds, office on Sixteenth street, under the Inter-Ocean hotel. In regard to cartridges, they are classified as second class by the pool. The word cartridges covers a great deal. Giant powder I don't have anything to do with. I know there has been instances where hardware men can have boxes taken to their stores and delivered from there. I have done so myself prior to about two years ago, costing about one

hundred and eighty-five dollars freight, shipped as hardware. They afterwards made a claim on me for thirty-five dollars. I had a law suit about it; I appealed it; it was a matter between the Denver Transfer Company and myself; I had my bill of lading showing that I had paid two dollars and ten cents; they claimed that they had paid the freight; I lost that by my lawyer omitting to appeal the case in time; the same goods has since been shipped as hardware; I don't know why I should pay a higher rate than hardware; they are very close goods, we sell them on close commission; we are bound by contract not to sell under certain rates; I will read another letter:

(Reads): "The powder you invoiced among other goods you have not billed as heretofore; at least it looks that way, as the rates I have been paying was twice first class, six dollars and sixty cents per one hundred pounds, and the last shipment they charge me three times first class, which makes nine dollars and ninety cents per one hundred pounds. They claim here it was shipped at the company's risk, and before at owners risk; this makes the difference in the charges. I will send the express bill in my next, as I haven't got it yet."

Another letter, (reads):

"Please ship all goods and mark on bill of lading or shipping bill, at owner's risk, and send me a duplicate bill of each shipment on bill of lading to avoid all further mistakes. If you don't make it at owner's risk they will charge one and one-half first class rates if not stated on shipping bill."

Since then I have got a stencil and marked it "O. R."

W. H. Seltzer, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business, Mr. Seltzer?

A. Broom business.

Q. How long have you been in the broom business?

A. About twenty years.

Q. Where do you reside?

A. In Denver.

Q. How long have you been in the broom business here.

A. Five years, the tenth of this month.

Q. Where is your market?

A. Denver City, mostly, now; some outside of the city; Colorado Springs and the mountain towns.

Q. Any reasons why your operations don't extend further than Denver?

A. Yes, sir.

Q. What are the reasons?

A. On account of the discriminations in freight.

Q. Explain what that is?

A. In the first place, they ship brooms from any point between the Missouri river and Denver for forty dollars a car; they told me it was fifty; I think it is forty; they charge me one dollar a hundred, which makes it from one hundred and thirty to one hundred and fifty dollars a car.

Q. So it costs you about a hundred dollars a car more than it costs them?

A. Yes, sir; then they ship manufactured brooms at the same rate that they ship the raw material; they allow brooms to come in with wooden and willow ware—at the same rate, same classification as the raw material, in any proportion, a thousand, or ten thousand, or five thousand; they used to allow me to ship broom handles in at a higher class, until the last two years; they have taken that out and marked them third class, where other handles are fourth class; the lower the class the higher the price; that is to say, the price is higher on third class than on fourth class; broom handles should be lower than in any other shape; anything that is to be boxed they ship as fourth class matter; we can't box broom handles; they charge us third class and compel us to ship in car load lots; it costs me two hundred and ninety-four dollars freight per car from Chicago to Denver.

Q. Which costs the most, to ship a car load of brooms, or broom handles?

A. Brooms are twelve thousand pound rate; it will cost more to ship a car load of broom handles; but we can't get the full capacity of the car; they reduced the minimum weight to twelve thousand pounds; I had to pay for twenty thousand on broom handles; they allowed them to put their cars through at twelve thousand pounds; they discriminate against me in every way; in weights they confine me strictly to the law; they don't others. To give you an idea

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of how it is, you ship a small lot of broom handles, say ship a thousand; they cost twelve dollars in Chicago, and the freight on a thousand broom handles would be twenty-two dollars, that is, in large handles; others would be seventeen dollars; that is by reason of their being smaller; they don't weigh as much; this is local rate, not car-load rate; you save eight dollars and twenty cents a thousand by shipping in car-load rates, nearly the cost of the handles; I have always shipped them in car loads, except when I have to have small lots to make up what I would lack before I would order another car; for instance, I use heavy ash, basswood and maple handles, may not have enough to make up before ordering another car, then I have to pay local rate.

Q. You have explained matters in regard to the difficulties you have to encounter in shipping raw material from the East and the cost of the material; what are the difficulties, if any, you experience shipping manufactured goods out of the State?

A. I used to ship brooms in New Mexico last year; we don't pay the freight on them; we don't know the reason we can't get brooms in there; they stopped ordering them from me; they said they could get a better rate.

Q. How about shipping to mountain towns in this this State?

A. I suppose we get in there all right if it is over the Rio Grande.

Q. (By Mr. Stirman). Shipping to Leadville, how does the rate compare with shipping from Kansas City to Leadville?

A. I don't know, because we don't pay the freight.

Q. If they buy of you, they must either get a better broom or are satisfied with the price?

A. I know they get a better broom, because the handle is seasoned here; if it is seasoned here it will stay seasoned, even if the work ain't any better; season timber as long as you are a mind to, and it will shrink after it comes here.

W. G. Evans being duly sworn, testified as follows:

Q. (By Judge Gilmore). The object of this investigation is to ascertain the truth of statements which have

gained considerable currency to the effect that railroad companies having their lines terminating in this State, have been accustomed to so regulate their freights as to discourage manufactures here. We have been advised that you know something about this kind of business.

A. I am Secretary of this Cement Company; I know of the facts of the rates.

Q. You may make a statement of the matter.

A. We ship nothing in here from the East except the sacks. The cement is made from material that comes from the foot hills; we have a fair rate on that. Our market has been confined entirely to the State, principally to towns on the Rio Grande road. We have not been able to sell cement at Salt Lake for the reason that the rate from here to Salt Lake very closely approximates the rate from the River. At one time we had a contract about closed for three car loads to go to Salt Lake City. We got the schedule rate from the Rio Grande. The Union Pacific made them a concession under that and carried it all the way for just what we could ship it from Denver. The rates from here to Albuquerque, which point we figured on some contracts, was practically the same, or about a cent or two difference as from Kansas City. It can be made a little cheaper in the East, because they have the facilities for making it. Our rate to Cheyenne is less than the rate from the river to Cheyenne—less than the schedule rate. We have never been able to sell much at Cheyenne.

Q. Do the merchants in Cheyenne get special rates?

A. I think it must be so or else we would sell to them.

Q. You think you can manufacture as cheap as it can be laid down at Omaha?

A. I am sure of it.

Q. It was reported that, soon after you commenced your manufacture the rate between here and the River was dropped by the railroad companies for the purpose of pressing out your enterprise?

A. It is true the rate was dropped; whether it was for that purpose or not I can't say; I don't think the roads have made any special fight on us; we don't ship any raw material from the East; as far as our home market is concerned they can't hope to compete with us from the East

and get a fair price for cement, even at a cent a ton a mile, which is exceedingly small pay for railroads.

Q. Has the schedule—permanent rate—been lowered from the East?

A. Yes, sir—I don't know, though. (Showing witness schedules marked Nos. 1, 2 and 3.) The classification has not been changed.

Q. Do you know whether there has been a lower rate on the different classifications or not?

A. I think so; I am not positive. Whether they issued a schedule giving these rates or not, I am not positive; I know the freight was very much less on that class of material after we manufactured than it was some time before.

Q. If it is true that you can manufacture cement and as good an article as they manufacture in the East at the same rate, would not they have to lower the rate or else go out of the business?

A. No, sir; when I speak of cement I speak of two classes, the Louisville and English Portland; the Portland cement costs two dollars a barrel in England. We can make our cement as cheaply as the Louisville cement; it is not the same class of cement, but the English cement with which we are in direct competition, can be made cheaper than ours; ours is a new thing, and men putting a great deal of money into a building or work, don't like to try experiments and prefer to use the standard cement that is recognized everywhere as first-class; it is a matter of some years to build up a trade.

Q. Builders want the test of experience before they try yours?

A. Yes, sir. Largely, a great many people doing small or large work, not having any knowledge that our cement is good, will take the English cement at a dollar or two more cost.

Q. You can't handle the Kentucky cement?

A. We sell at the same price per pound in the Government building. It is generally recognized to be better than that grade of cement.

Q. How is it when you come to sell your cement to mountain towns and out of the State?

A. We find it is very hard work to sell it. I think the reason is entirely due to the fact that the rate has not been in our favor; they don't give us the same rate that they do

to people on the River. I had to give my personal attention to the works. Mr. M----- N----- is attending to that; his address is No. 1, Hays Terrace, Thirteenth street, between Arapahoe and Curtis; he has no office.

Q. (By Mr. Rollins.) Your cement can be used for all purposes that the Louisville can?

A. Yes, sir.

Q. For the same purposes that that can?

A. Yes, sir.

Q. (By Mr. Gilmore.) Is this article of cement, such as you manufacture, made anywhere else in the United States?

A. Yes, sir; Kalamazoo, South Bend, Sailorsville, Pennsylvania.

Q. Do they come in competition with you?

A. No, sir; none so far as I know. I believe there was a car load of Kalamazoo cement shipped here. Taking the freight through from New York, they can put the Portland cement down as low as these others, and they give much more favorable rates.

Thomas E. Poole being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your business, Mr. Poole?

A. Manufacturing soap here.

Q. How long have you been manufacturing soap in this place?

A. Established in 1879; our concern has been established about ten years here.

Q. The object of this inquiry at this time is to ascertain the truth of certain statements to the effect that railroad companies have been accustomed to adjust their freight tariffs so as to discriminate against and discourage manufacturing interests of this State. We understood that you were the manufacturer of soap or perhaps some other things. We have sent for you to make inquiries and see if you could give us any information on that point.

A. These people call this manufactured stock here about the same rate as to the raw material. The freight on boxes and lumber is much less than soap. The freight on caustic soda and soda ash is about the same as on soap. The

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man
Soap*

rate on soap is a dollar. We find further, among the large concerns which we are competing with, we are not able to tell what the freight is. The goods are prepared as we do here. We go to a party in the country and say we will sell you a certain brand of soap for so much money, delivered in your town. Eastern men sell in the same way. I am not in a position to tell what the freight is. All I know is the published tariff.

Q. That is the same on the raw material as it is on soap?

A. Yes, sir.

Q. Are there any other difficulties?

A. The items are small; we don't have but few items that enter into the construction of soap. It is made up of soda ash and lye, boxes, lumber and a few nails, paper and things to wrap it in.

Q. Do you have any trouble in shipping to your customers?

A. That is the thing we complain of more than anything else. I have taken a different ground from some others. We find in our trade here we have a large capacity to produce goods. We are not able to find a market, because we have not any outside territory that we can sell goods to.

Q. For what reason?

A. It seems as though these folks favor a long haul.

Q. What do you mean by favoring a long haul?

A. There are four pools here—four lines in the pool; they come here, and the division on a car load of soap if they haul from Las Vegas to Santa Fe; if they brought it here they only get twenty-five per cent. of the haul.

Q. So they discriminate in favor of long lines?

A. Yes, sir; you take to Larimer City; our rate there is sixty-four cents, the distance about one hundred and sixty miles, in car loads, while to the River I think it is about one dollar and thirty—that is about the rate; our rate to Cheyenne is forty-seven cents in car loads, but from the River it is one dollar.

Q. Unless there is a rebate in favor of Cheyenne merchants you would be able to sell your soap at Cheyenne?

A. I feel this way about the rate to Cheyenne; I think the tariff is too high; the Denver and Rio Grande make the same haul for twenty-eight cents in car loads; then rate

from here to Pueblo is twenty-eight cents in car loads; the rate to Trinidad is fifty-three cents in car loads; from Kansas City or the River, is a dollar; Trinidad is in the pool; Pueblo, Colorado Springs and Cheyenne are in the pool; four or five points is the same pool rate on our goods.

Q. Are there any other statements you can make?

A. I don't know of anything I can say in this matter; I had about the same talk at the pool meetings; they had a reporter on the ground and the remarks and grievances that were made were recorded; they were not prepared to enter into any settlement then.

Q. What reduction on the raw material from the river to this point could be made so as to give you any advantage in your manufacture?

A. You take it in caustic soda; we get a drum of caustic soda weighing in the neighborhood of eight hundred pounds; they are an iron-bound substance, rolling property, easily handled; they will unload a car in half an hour; in the event of a collision or a fire there is not any damage where there would be to soap, it represents soap; tariffs should be made according to the risks in transporting it; you take a car load of soap and it is very much depreciated, but caustic soda, it would be pretty hard work to disturb it.

Q. How much of a reduction would be necessary to make in order to give you a fair profit.

A. We are not complaining much about this tariff from the East, but feel as if we would like to get out of here; you take a twenty-eight cent rate to Pueblo and forty-seven cent to Cheyenne, the distance being about the same; they make a haul from here to Larimer City; they charge you sixty-four cents as against a dollar for a six hundred mile haul.

Q. (By Mr. Hinman). Can you tell me the rate to Canon City?

A. Thirty-six cents.

Q. (By Mr. O'Driscoll). Has there been any change with reference to the articles you manufacture—for instance, soap grease; there has been a rumor that railroads are taking out the soap grease at a nominal price to other places?

A. We are not in a position to give you information on that point, because we are not shippers of grease or tal-

*out
points*

low; men come to us and tell us what they can get it at; they do that, perhaps, to get a reduction; if I had four or five car loads of tallow to ship, and should go to some of these to ship it, I would know something about it; it is about a dollar and a quarter to Chicago from here.

Q. (By Mr. Stirman). What is the rate from there here?

A. It is uniform—that is, from the East or West; they don't publish any difference; they may make a cut sometimes when they get into a little fight.

Mr. Comstock being recalled testified as follows:

I stated the other day that while I was absent from home, three copies of the paper were taken from the files and I had never been able to replace them, I have here in the volume my son sent up; I have two copies of the paper; I think, perhaps, there are others; I can give you some points here that I published about that time.

Q. Are they things that you know about?

A. Yes, sir.

Q. You can vouch for the correctness of what you say?

A. Yes, sir. About two years ago the miners in Saguache county called my attention to the fact that they were unable to ship ores to the mills in the valley unless the value was about one hundred dollars a ton, owing to the charges for freight, the smelting charges and so on. I investigated the matter and found this to be the case; that about nine cents per ton per mile was charged at that time on the silver lead and silver copper ores from Villa Grove in the San Luis valley, to Cañon City, where they wanted to ship some ore against five cents per ton per mile for the same ores hauled over the same line, shipped through Cañon City to Denver, one hundred and sixty miles further; that at the same time the railway company was hauling iron ore for the Colorado Coal and Iron Company from Hot Springs, ten miles beyond Villa Grove, for little less than two cents a ton per mile. I succeeded in getting the rate on silver ores modified; I got a reduction of twenty-five per cent. on shipments from Cañon. About that time, in the issue 7th of March, 1883, attention was called to cer-

tain other facts which I verified; one of these statements were brought to me by shippers; from this article I will extract the points. Prior to the first of January, 1883, the rate on flour from Denver to Gunnison was ninety-five cents per hundred pounds; from Cañon to Gunnison City it was seventy cents per hundred pounds; on wheat from Denver to Cañon, thirty cents per hundred pounds; under that tariff our millers at Cañon could ship their wheat down from Denver, manufacture it into flour, compete with the Denver millers in the Gunnison market. On January first the Denver rate to Gunnison was reduced to seventy-five cents; the Canon rate remained unchanged. That shut our millers out entirely from that market; in other words, they had to pay thirty cents a hundred on wheat and seventy on flour. Under the same tariff a farmer or dealer at Canon City who wished to ship a car load of grain or vegetables to Gunnison, could ship it to Florence, ten miles east, bill it from that point to its destination, and have it hauled through the city to Gunnison and save one dollar and forty cents per ton by so doing. Under the same tariff the rate on lumber to Parkdale, twelve miles west, seven cents a hundred, from Parkdale to Grand Junction fifty-eight cents; from Canon to Grand Junction, eighty-nine cents per hundred; therefore the shippers saved twenty-four cents a hundred pounds by billing from Canon to Parkdale, and from thence to Grand Junction. From Blackburn, twenty-two miles south of Canon, on the Silver Cliff branch, lumber may be shipped down to Canon, from there to Grand Junction, at fifty-eight cents a hundred pounds, against eighty-nine cents on shipments from Canon. That condition of things drove our vast lumber firms out of business; they are unable to compete with the mills to-day and give satisfaction. It was their charges that led me to investigate the matter. A shipping grocer called my attention to another point which I investigated and found that he was correct. The lowest freight on sugar and other heavy goods from Pueblo to Canon City was thirty cents a hundred, six dollars a ton sixty dollars a car. The distance is forty miles, and as the two cities are connected by a good wagon road of easy grade, our merchants save one dollar per ton by hauling their goods in wagons, and would take that course if they didn't know that the railroad companies would reduce their rates after

they had invested in teams. A number of points that I discovered while I was conducting my investigations were contained in the articles to which I refer. You can verify all the points that I made by calling the gentlemen whose names I gave you on Saturday, and the name of one other, S. T. Ferrier, of Canon City, one of the County Commissioners.

The Committee met on Wednesday evening, January 14, 1885, pursuant to adjournment; present, Gilmore, Chairman, Rollins, O'Driscoll, Hinman, and Stirman, associate members of the Committee.

A. G. Langford, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) Where do you reside, Mr. Langford?

A. In Denver, Colorado.

Q. How long have you lived here?

A. Twenty-four years.

Q. What is your business?

A. Coal miner.

Q. Where is your coal mine?

A. The Marshall mine, about nineteen miles from here; five miles from Boulder.

Q. Engaged in any other business?

A. No, sir.

Q. Have you been during the past five years?

A. I was in the foundry business before that.

Q. Anything else?

A. No, sir.

Q. The object of this investigation is to ascertain the truth of statements which have gained currency to the effect that railroad companies having their lines terminating in this State have been accustomed to regulate their freight tariffs so as to discriminate against and discourage the manufacturing interests of this State. We will ask you general questions whether you can give us any information on this point.

A. I cannot as to the manufacturing interests; I could as to the coal trade; I have been out of manufacturing for five years.

Q. You may proceed.

A. You ask particularly as to the manufacturing interests; I have not been in that business for the past five years.

Q. You may proceed in reference to the coal business, or any other business that you are connected with, or have been.

A. As I was saying, our mines are situated at South Marshall, near Erie; by the way they bring our coal, they take it to Boulder, then over the Boulder Valley road into Denver, making fifty-two miles; of course, the distance from here to Erie, where the Boulder Valley and Stewart mines are, the distance is fifteen or sixteen miles less; they charge me twenty-five cents a ton more in favor of everybody at Erie, and they charge me twenty-five cents to all other points where the distance is in my favor; that is in reference to the mines at Erie alone; there is that much discrimination exercised against me so far as the mines at Erie are concerned. The Union Coal Company are working a mine at Louisville, called the Welch Mine; they bring that coal by the same road that they bring mine, but two miles further, into Denver; the discrimination in favor of that company is much greater; while I am charged a dollar and a quarter into Denver, they bring that coal at twenty-eight and one-half cents per ton; I found that out positively, and I assume that to all other points the discrimination is the same; we had no way of finding that out.

Q. How much do they charge from Erie?

A. A dollar a ton. The distance would be at least fifteen miles less than from the Welch mine into Denver.

Q. Do they charge all the collieries there at Erie the same price?

A. It is supposed they do; no, the Boulder Valley and the Northrop mines are rented to the same Union Coal Company.

Q. How much do they pay?

A. I don't know exactly; as it is owned by the same company, I presume it is a less rate than twenty-eight and one-half cents.

Q. On that point you have no positive information?

A. No, sir.

Q. Is there anything else you have in mind which comes under that head of operating in coal?

A. This discrimination of the companies is exercised to all points except to Boulder, which is five miles from us. This discrimination up to Cheyenne, Longmont, Loveland, Greeley and Fort Collins is the same as shown there.

Q. State the rate—what you have to pay to Greeley, for instance?

A. From memory I can't state that; we have the tariff at the office I can find; that will give all that information.

Q. You know it to be a fact that at these various points you have mentioned they do discriminate against you to the extent that you have mentioned?

A. Yes, sir.

Q. What reasons do they allege for discriminating against you in coming into Denver?

A. I have been told different stories by different officers. One is that we sold a better coal and could afford it; one was in the case of the Union Coal Company. They undertook to tell me that the reason that they discriminated against me—the supposition was then that they were paying ninety cents; I was paying a dollar and a quarter. They were discussing the propriety of charging me a dollar and a quarter. They got out in this way, that Louisville was on the Colorado Central road and was only thirty-eight miles; that they had to bring it through Golden to Denver. I reminded them that they never brought it that way on account of the grades; they gave that as an excuse for charging me more than they charge themselves. This was all done before President Adams, Mr. Campbell and Fred. Hale.

Q. Do you know the names of the officers of the Union Coal Company?

A. I think they had an election since then, but I know some of them.

Q. Do you know the officers who know what freight rate was paid?

A. D. O. Clark, of Omaha, is the officer.

Q. Is there any man in this city that would know?

A. Yes, sir; D. B. Keeler.

Q. (By Mr. Rollins). Do you know, Mr. Langford, whether any of the officers or stockholders of the railroad from which this coal comes are interested in this coal company?

A. Yes, sir; Jay Gould, Sidney Dillon, J. Francis

Adams, Fred L. Ames and some others were interested in it. These men are Directors in this Union Coal Company.

Q. Is it true or not true, so far as you know, that the same men, to any considerable extent, who control or have a right to control the action of the railroad company in fixing its freights, are also interested in the sale of coal?

A. Yes, sir; that is undoubtedly the fact.

Q. Are any of these men interested in your coal mine?

A. No, sir.

Q. (By Mr. Gilmore). You said that at one time you were connected with the foundry business?

A. Yes, sir.

Q. At that time were there any condition of things in the railroad tariff that affected your business in that line?

A. It being five years ago it is not fresh in my mind. We always kicked because they would not allow us to bring in pig iron and coke and coal so as to allow us to compete with the manufactured machinery that was brought in.

James W. Jackson, being first duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your name?

A. James W. Jackson.

Q. Where do you reside?

A. In Denver.

Q. How long have you lived here?

A. Fourteen years—a little over.

Q. What is your business?

A. Foundry and machine business, ever since I have been here.

Q. The object of this investigation is to ascertain whether the railroad companies have been so adjusting their tariffs as to discriminate against the manufacturing interests of this State. Can you give us any information on this point?

A. They charge the same rate to Arizona, Montana and the southern part of this State that they do from the Missouri River to Denver; the rate is very high from the

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out

Missouri River to Denver, and very low from Chicago to the River, and we have to compete with the East.

Q. Does that affect all Colorado?

A. No, sir; I don't think it does; I don't know but it does, nor know that it don't; I know it affects the trade in New Mexico, Montana, Arizona and the southern part of this State; I have their word for that.

Q. Does that include Wyoming?

A. Yes, sir; I presume so; I don't know about that.

Q. Do you know as to the difference between raw material that goes into the manufacture of machinery in this State and the manufactured machines, as to the rate from the East here, whether the rate is so arranged as to discriminate against the manufacture of machinery here?

A. I could not speak from my own knowledge; I understand that the rates are very nearly equal.

Q. Do you ship raw material here from the East?

A. Yes, sir.

Q. Do you know the rate on malleable iron?

A. No, sir, not from memory.

Q. Could you tell from that bill—tariff sheet?

A. Yes, sir; I could not be positive, I think it is one dollar or one dollar ten; I think there is something later than that.

Q. What are the articles that you have occasion to ship from the East?

A. Pig iron mostly—pig iron and coke.

Q. Why do you ship your coke from the East; why don't you get it from El Moro and Trinidad?

A. The Eastern coke is better coke for our purposes.

Q. Is there any reason on account of price?

A. They manage to keep their price right up to the tariff; if it goes up they go up too, they work in the interests of the railroad; they do the same thing with their iron; Pittsburg coke is much the best coke; the rate on it is usually about fifteen dollars a ton laid down here; when they reduce the rate on coming from the east here they have reduced it from El Moro here, or increased as the case may be.

Q. Do they put it up so they can't sell it to you or you can't buy?

A. It seems to be run by the railroad; I don't know anything about the ownership, but I know the fact about

the rate moving up and down; if there is a reduction on iron they make a corresponding reduction.

Q. If the eastern coke and iron goes up without any visible cause they follow it right up?

A. Yes, sir.

Q. In your line of business you don't have occasion to ship this way malleable iron?

A. No, sir.

Q. Do you manufacture machinery.

A. Yes, sir.

Q. Does this come in competition with the manufactures sent from the East?

A. Yes, sir.

Q. Do you know the rates upon machinery, such as you manufacture, they effect your trade?

A. The rates to this town; I could not say that they effect my business, but if we sell a great deal north and south they effect us.

Q. We have been told that the rate on machinery and the rate on malleable iron is the same?

A. I think it is, but I have shipped no machinery, and could not say on my own knowledge.

Q. You don't know from those who buy machinery?

A. No, sir.

John P. Epley being first duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. John G. Epley.

Q. Where do you reside?

A. In Denver.

Q. Have you business near here?

A. Yes; business in the city.

Q. What is your present business?

A. Brick manufacturer and building and glass—manufacturer of glass.

Q. How long have you been engaged in the manufacture of glass?

A. Since last April.

Q. April, 1884?

A. Yes, sir.

Q. You have heard the statement as to the object of this investigation; can you give us any information on that subject?

A. So far as it affects the glass manufacture, I don't know as I can anything that would be positive; I had an order for some bottles to be sent on the Burlington road; the price of the bottles appeared to suit them, but when I come to see about the rate, they said they could not take them and would get them from Milwaukee.

Q. Do you know anything about there having been a change on the rates since you established your manufactory?

A. I understand that there was; I don't know how much; I did know, but have forgotten.

Q. Do you manufacture anything but bottles?

A. No, sir.

Q. Have they been brought in cheaper since than before you began the manufacture?

A. Yes, sir.

Q. How do you know?

A. By the parties that I sold to; in figuring with them I found the price was lowered so to make it in the neighborhood of a dollar a gross for half pint and pint bottles and we had to lower our price in order to get their custom.

Q. Where do you get the material?

A. In Colorado.

Q. Does all of it come from this State?

A. Most all; we have bought a small amount of soda that come from the East.

Q. So you don't have to bring in much raw material?

A. We will be able to get along without bringing in any; it is all found here and in Wyoming; I have made a rate with the railroads to bring soda from Wyoming; this is much better than we get it from the East. Then we will not have to bring in anything from the East.

Q. What class—what freight class—do the bottles you make come under?

A. It comes under the head of "green bottle house."

Q. What classification under railroad rates?

A. First class, I think—the class where I think it is.

Q. Was that the rate on glassware we find under the classification of first class?

A. That is my understanding. I have never bought any from the East to have it shipped.

Q. Do you know whether there has been any change in the classification of green bottles since you commenced business?

A. Only that time that I mentioned.

Q. Was this caused by the lowering of the rate or the changing of class?

A. I could not tell.

Q. We are told that the rates of glass remain the same often times, but a change of rate is made by changing the manufactured article from a lower to a higher class. That brings it in at a lower rate?

A. I don't know.

Q. How does the freight business affect any other manufacture that you are engaged in?

A. It is all hearsay. I have heard people say that they can't manufacture here.

Q. You are manufacturing common brick, is it?

A. Yes, sir.

Q. You don't manufacture fire brick?

A. Not now. There is scarcely any brick brought from the East; I guess probably because they aint as good; Colorado brick is the best. We had a few letters from parties to whom we shipped a few bottles in the south part of the State. Some time after that they found out they could get bottles from St. Louis as cheap as we could furnish them, including the freight. They also said that the glass man in St. Louis gave them the rate for bottles way down—the freight paid. It occurred to me that they might have seen the company and made a certain rate to ship their bottles. I know the rate they got we could not ship any more.

Q. Have you attempted to extend your trade to any other parts of the State than Denver?

A. Yes, sir.

Q. With what success?

A. We have shipped through the mountain towns, Georgetown, Central, Greeley, Boulder, and so on different places.

Q. Do you find that the Eastern companies come in competition with you in these places.

A. We have not heard anything except south of here.

Q. What part of the South?

A. About Trinidad or Pueblo is territory that would come into competition with the East.

Q. On the Atchison, Topeka and Santa Fe Railroad?

A. Yes, sir.

Q. You don't find trouble in the mountain towns contiguous to Denver?

A. No, sir.

Q. You say that at this point on the Burlington road you could not compete with bottles shipped in from Milwaukee. Do you know how the price of bottles at Milwaukee compare with the price that you charge here?

A. No, sir.

Q. So you could not arrive at the freight as compared with the freight from here?

A. No, sir.

Q. Do you know of any changes that could be effected in the freight tariff that would help your business along? Have your investigations gone far enough so you could give us information on that point?

A. The freight down south, I understand, has been raised. If they have raised the freight it will still be a little harder for us to make sales in the south part of the State than before—that is, between here and the south. I think at that time these parties wrote to us in regard to the price—that the freight has been raised since that. I don't know what time, but I think it was last summer or fall, although we have shipped bottles since, but they paid the freight on the bottles when they got them; I don't know how much more that was.

Q. Is there any one connected with your manufactory that knows more in regard to this freight business than you do?

A. I think my son does; he understands the shipping better than I do. His name and address, Richard W. Epley, Glass Works.

R. W. Stewart, being first duly sworn, testifies as follows:

Q. (By Judge Gilmore). What is your business?

A. Lumber business.

Q. In that business in this city?

A. Yes, sir.

Q. How long have you been in that business?

A. About six or seven years. I was three years connected with Billings—Billings & Stewart it was then; since that time it has been R. W. Stewart and Company.

Q. You heard the statement that was made to one of the witnesses concerning the object of this investigation; were you present?

A. I don't think that I was.

Q. The object of this investigation is to ascertain the truth of statements that have gained currency to the effect that railroad companies having their lines terminating in this State have been accustomed to regulate their freight tariffs so as to discourage and discriminate against the manufacturing interests of this State; we have subpoenaed you gentlemen this evening to get information on that point in connection with your line of business?

A. I am not in manufacturing business at present; all the manufacturing that we do is manufacturing native lumber.

Q. Sawing it from logs into boards?

A. Yes, sir.

Q. Are you familiar with the rates connected with your business?

A. They can't get the rates too high for our business.

Q. Has there been any lowering of rates from the East on Eastern lumber in any way so as to affect your interests?

A. No, sir; the regular rates are the same they have been for some time; last spring they had a break here, had them pretty low down.

Q. Do you know of any difference between the rates that are given you and any other purchasers of lumber or manufacturers of lumber in the East?

A. No, sir; I could not say about that.

Q. Do you know anything about rebates given to manufacturers here?

A. No, sir; not from personal knowledge.

Q. Do you know of any one who can give us any information on that point, who would know, or would probably know?

A. No, I do not.

Q. Have you any reason to believe that any other persons engaged in the purchase of Eastern lumber get any rates which are less or greater than yours?

A. No, I can't say that I could give any reason to believe that they do.

Q. Do you know anything about the rates from the East being so arranged as to decrease the size of your market for your lumber and manufactured articles? That is to say, if rates were changed or different in any direction, would your market be enlarged north or south or west?

A. That is something that I have not thought of much for the reason that in the last three years our business has been largely manufacturing of native lumber, and the market is limited. We can't ship south. We have a market in the northern part of the State, but it only extends as far as Cheyenne.

Q. You can't ship any lumber into the mountains because that is where your lumber comes from?

A. That is where our lumber comes from. We do ship some cars to Central and Black Hawk, upper grades. As far as the manufacturing interests in that line are concerned, although I am not in the manufacturing business, I think there should be changes in the classification of certain goods that enter into doors and windows and such things; glass is charged at a higher rate than glassed sash; glassed sash is seventy-five cents and glass is one dollar a hundred.

Q. Who are the men who are engaged in the manufacturing of lumber here?

A. E. F. Halleck, McPhee & McGinnity and Halleck & Howard.

Q. Which one of the firm of Halleck & Howard would be the best man to give us information on this subject?

A. Probably Charles Howard.

John H. Martin, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. John H. Martin.

Q. What is your business?

A. Dealing in fruit.

Q. In this city?

A. Yes, sir; vegetables, fruit, fish, etc.

Q. How long have you been engaged in that line of business in this city?

A. About twenty years, a little over—that is, here and Cheyenne; I had a store at Cheyenne during part of the time.

Q. The special object of this investigation is to ascertain whether railroad companies are discriminating against our manufacturing interests of this State, and whether they arrange their freight to that end. We are in hopes that the Legislature will enlarge our authority; if you can give us any information in regard to discrimination against manufacturers, we would be glad to have you do so?

A. All that I can say is what I have heard; when I was President of the Board of Trade, we sent out letters all over the State; replies to these letters we have got; they were sent out about a year ago, now; they were sent to manufacturers and, in fact, everyone of every city throughout the State that could give information; we have got the replies to most of them, except Pueblo.

Q. Are these letters preserved?

A. They are in my possession.

Q. Have you them here?

A. I have not, sir.

Q. You have these where you could get them?

A. Could not get them to-night.

Q. You could at some future time?

A. Yes, sir.

Q. Could you arrange and classify them so as to have kindred subjects together, so we could have them?

A. I have already promised them to Mr. Bergh; I understand he is the Chairman of the Railroad Committee; that is all I can tell you, just what I have read in these letters. The mercantile business is different; if you want to examine me on that, I would like that men present and all of them, and railroad men, would be here; what I want is to show, is that we have got to have lower freights to get our mines developed; I want them to put the lowest possible prices that they can carry it for; they can charge what they please for silks and whiskies; the classifications are high; take, for instance, canned goods, I could not say what it is to-day; the poor man has got to get corn and potatoes, or he can't

work them; things ought to be lower; they take them—some canned goods—from Chicago to California for one dollar per hundred; here it costs one dollar and thirty-two cents; it was one dollar and seventy cents *vice versa* California goods to go to Chicago; they are bringing sugar from California to the Missouri River for seventy-five cents a hundred; here it is one dollar and forty cents; going the other way it is one dollar; it costs more to get it from New York than it would to get it from California. A short time ago the rate was as follows: From California to Boston, canned goods, one dollar twenty-five; to Denver it was one dollar seventy; Cheyenne, one dollar twenty; canned goods to Atchison, Kansas, one dollar twenty-five; here, one dollar seventy; dried fruits to Chicago was one dollar eighty-five; to Denver two dollars; raisins—California raisins—was one dollar fifty to the Missouri River; to Denver, two dollars and fifty; nuts, etc., which we get from California to Denver two dollars and fifty, and Chicago one dollar eighty; beans, which we get a great deal from California, they take to Chicago, St. Louis and Cincinnati at one dollar fifty; to Denver one dollar seventy; coffee and rice to the Missouri River, one dollar sixteen and two-thirds; we pay one dollar seventy—that is the price on them; the classification of fruits and vegetables from California is Class four; to Chicago it is cheaper than here; in car-load lots one dollar seventy-five to Denver; to Chicago one dollar twenty-five per hundred pounds; in small lots to Denver, three dollars fifty per hundred pounds. Some time last year they were taking out a great deal of Anthracite coal at Crested Butte; they sold about twenty car-loads of coal at Arapahoe; all at once they would not take any more there; the rate from here is fifty cents a hundred and to Hugo fifty cents a hundred; this was issued a year ago; any time we have got any industries they issue a tariff to discourage them; they wanted the coal to come the other way; they have arranged the tariff to points east of here so as to prevent it from being shipped east; it is a prohibitory tariff from here to Hugo; everything that they find that will help the industry of Colorado they discourage.

Q. Do you know what the tariff on Anthracite coal from St. Louis is?

A. No, sir, I don't. Instead of being two hundred

and fifty thousand people here it ought to be five hundred thousand.

Q. Is there anything further that you can state to us?

A. Nothing more than classifications or something like that; I think that the railroads are charging too much; the result of the freight tariff is to prevent Denver from being a distributing point. I want to see the whole country developed, I am interested in different places all over the state; high tariff keeps a great many of our mines from being worked; from Georgetown they charge five dollars and fifty cents a ton down hill all the way, yet they will bring it from Leadville to Pueblo for five dollars; then there is this express business, they will charge a dollar a hundred from here to Central City; if we ship to Larimer City—if we ship direct—it is one dollar seventy-five, and one dollar fifty if we ship to Cheyenne and re-shipped. The policy of the roads is to discriminate against Colorado. The watered stock of the Kansas railroad, watered at two hundred and fifty thousand dollars per mile, when twenty thousand would build the road; they expect the people to pay interest on that enormous sum. I am the only man in this city that has attempted to fight the railroads; when goods come in here they are overweighed; I have fought them here and carried my suit to success; poor people that get in a few goods have just got to pay what they charge; I have had goods come in here overweighed three thousand pounds, I had to pay for it.

Q. Did you sue for it?

A. A have not; on this they are very liberal just now.

Q. Do you know anything about shipping from coal mines anywhere else, for instance, the Marshall?

A. I only know that the miners complain; if you had a mine they would put a tariff on you that you could not stand; as so soon as you folks adjourn there will be no more shipment of coal; one road is about as bad as another; we had more information in the Board of Trade when we sent out those circulars. I think it would be a good idea to send all over the State.

Henry Goodridge being duly sworn, testified as follows:

- Q. (By Judge Gilmore). What is your name?
 A. Henry Goodridge.
 Q. What is your business?
 A. Coal business.
 Q. Do you reside here?
 A. Yes, sir.
 Q. Do business here?
 A. Yes, sir.
 Q. How long have you been doing business in this city?
 A. Near thirteen years.
 Q. How long in the coal business?
 A. About eight.
 Q. You heard the statement in regard to the object of this investigation?
 A. Yes, sir.
 Q. What information can you give us with regard to discrimination?
 A. In the first place, the B. and M., when they first came in here, charges two dollars and fifty cents somewhere down their road, or three dollars somewhere beyond there. After that they formed the Colorado Fuel Company and we had letters from different parties and they said the freight would be five dollars a ton on all the coal from Denver. Before that it was two dollars and one half and three dollars.
 Q. How long ago did that occur?
 A. I think it was a few months after the B. and M. came in here.
 Q. What mines are you connected with?
 A. The Steward mine.
 Q. At Erie?
 A. Yes, sir.
 Q. What is the rate you have to pay on a ton from Erie to Denver?
 A. We pay one dollar, now.
 Q. How long has it been that rate?
 A. Since November, 1883, I think it has been a dollar.
 Q. What was it before that?
 A. They charged us a dollar and fifteen cents before that.
 Q. Do you know whether there are any other compa-

nies or collieries which ship their coal from Erie that get their rate lower than you do?

A. Yes, sir.

Q. What companies are they?

A. The Union Pacific. The mines are owned by the Union Pacific, the Boulder Valley and Welch mine at Louisville. At the date of this they charge us one dollar fifteen freight, and they charge for their own coal twenty-five cents; this was January 2, 1884.

Q. Is it not a fact that the Coal Company called the Union Coal Company is composed of the same persons as the Union Pacific Railroad Company?

A. I don't know as to that. Their coal is shipped in to Binford, their agent, at twenty-five cents a ton. We pay a dollar now; they pay twenty-five cents. Our claim was thirteen hundred and forty-eight dollars and five cents. This is the letter that we wrote at the time to Mr. Keeler. He sent it to Omaha. We have never got anything from it.

Q. Do you have any difficulty in sending coal any where else?

A. Yes, sir.

Q. What is that difficulty?

A. They have charged us such high rates we could not ship it out of the State; we could sell in Nebraska if we could get a reasonable rate.

Q. How about north or south?

A. Until recently we could not ship to Cheyenne; they have changed their rates; now we are shipping there.

Q. Can you ship any south?

A. No, sir; we have not tried to ship south; we have tried to ship into Kansas; I went to Mr. Keeler yesterday; he said he would give me a special rate; he gave me a rate of seventeen cents to Russell, and twenty-two cents the other side of Russell.

Q. How much lower is that than the published tariff rate?

A. I don't know; I knew their mines had closed on account of the strike; none of their mines are being operated now—none of their northern mines; private parties are getting better rates; so far as the Union Pacific is concerned they hope and aim to keep us out. I went to them

this evening to ask them what they would charge to ship to Brush Station, they said five dollars a ton.

Q. Do you know anything about this stone business?

A. I have not been interested in the stone business, but my yard was opposite of a man than handled stone.

Q. What information could he give us?

A. Give information on what he has to pay.

Q. From what point does he ship?

A. Fort Collins.

Q. Do you know of anybody else that could give us any information on that business?

A. ----- & Co.

Q. Do you know of any names of persons who could give us information in regard to other matters, stone or any other in regard to railroad discriminations of freight?

A. No, I don't know; I have been interested in coal, have been shamefully used in this respect; I can't send any coal to the mountains when the Union Pacific are running their mines.

Q. What is the difficulty in sending coal into the mountains.

A. The freights are so high and the trouble in getting cars.

Q. Do they make a lower rate on their own?

A. They haul to Central and Black Hawk for much cheaper rate than they would give us.

Q. Can you give us an illustration on that?

A. I can't tell you; only we have written there with regard to sending coal. They said they could do better with the other coal.

Q. I wish you would find out what price they haul down their coal at Central or Black Hawk and advise us and the rate they charge you?

A. I think the rate to Central is three or three and one-half dollars, but don't know the price they haul their coal down there. You can see here in regard to the letter we wrote them, one dollar fifteen instead of twenty-five cents, written January 3d, 1883. This is a copy of the claim we sent to them, which amounted to thirteen hundred and forty-eight dollars and five cents. They have sent their own coal in at twenty-eight or twenty-eight and one-half cents, and charge us a dollar.

John W. Knox being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. Knox is my name, J. W.

Q. What is your business?

A. Principally real estate.

Q. I think we have been advised that you were connected in some way with this attempt at powder manufacture. You have heard the statement in regard to the object of this investigation?

A. Yes, sir; so far as railroad freights are concerned we found shortly after we had started—we had put in a good deal of money—we found the prices run down. We had a patent—so represented by scientific men—that we could make powder nine cents a pound cheaper than in the East. Henry R. Wolcott, President of the company, went East and was there some time investigating. It got pretty serious. He got back and reported that the powder East was a monopoly. It was generally understood that with the two monopolies, powder companies and the railroads, that we was going to be set down on; we had to get out; we found we could not fight them. Mr. Wolcott satisfied himself that the powder companies East could give away every pound of powder that would be used in these mountains and not lose anything—not lose a cent. How could they do it? We found out that our Colorado consumption of powder was very small; that the East, by the railroads coming down in their freights, and their advancing the price a very little East, they could furnish powder for nothing and not lose anything, since they made up by charging their Eastern customers and a little more. That was the conclusion we came to; that between the two monopolies we was gone. We had, I suppose, the finest powder manufactory in the United States. My understanding was that we had evidence that the railroads was working with the powder companies, and between the two we had to go up.

Q. Where did you get your material for manufacturing powder?

A. It come from the East; I think the sulphur was to come from the South. We didn't get any New Mexico material at all. We didn't run but a short time. We found that we was bankrupt if we didn't quit. We sold out to Dupont at their own figures.

Q. Is he operating it now?

A. No; they purchased it to get it out of the way; the main part of it is burnt; the idea was that there never should be another pound of powder made there.

Q. Did the price of powder made after that go up?

A. I was so mad about it that I never inquired about it.

Q. What was the price of powder, how low did they reduce it here?

A. It was somewhere about thirty-seven or eight cents a pound; they run it down to near twenty—pretty near half.

Q. What did it cost you to make a pound of powder?

A. Mr. Bosworth claimed that we could make powder for about sixteen cents when we got the thing perfected.

Q. Did you actually manufacture at that rate?

A. No; what we did make cost over twenty cents.

Q. Then, the price was lower than you could make it?

A. Oh, yes; I think we sunk on the powder about twenty thousand dollars. I was told yesterday that I was going to be subpoenaed here; I said Mr. Wolcott is the man. It occurred to me this evening that Mr. Bosworth—if you want anything positive—Mr. Bosworth would know it. We got thirty-five cents on the dollar.

The Special Committee on Railroads met on Friday afternoon at three o'clock, January 23d, 1885, pursuant to adjournment. Present, Gilmore, Chairman, and Rollins, O'Driscoll, Hindman and Stirman, associate members of the Committee.

George C. Norris being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. George C. Norris.

Q. What is your business?

A. Practicing attorney.

Q. The object of this Committee is to make inquiry concerning some alleged discriminations of railroad companies having their lines terminating in this State, which they have been accustomed to make against the manufacturing interests of this State by the manner of regulating their freight tariff. The committee is desirous of obtaining

the truth of these allegations. Have you any information that you can give us?

A. I have some information as regards the coal traffic.

Q. State your means of knowledge and what you know.

A. I was acting as the Secretary of a company that was organized to operate coal mines in Fremont county. It had the contract for thirty-two hundred acres adjoining the Atchison, Topeka & Santa Fe Railroad. I had a number of interviews with the railroads; afterwards had charge of the entire negotiations here and some at Leadville. The opening of the mine down there that we worked was located about three-quarters of a mile from the Denver & Rio Grande Railroad. Up to the time Mr. Lovejoy was made President, all our efforts to get a switch put in were futile. He told us if we would grade the tracks they would lay them and there would be no discrimination on freight. After laying the tracks we proceeded to develop the mines. We expended over thirty thousand dollars in doing it; leased a yard from the railroad here for three years, and expended fifteen hundred dollars for office and sheds for coal. At the time Mr. Jackson was appointed Receiver we hadn't done a great deal of shipping because we were developing our mines and establishing our agencies. Just before Jackson came in we established an agency at Leadville and got a contract for delivering seventy tons a day; as soon as Mr. Jackson was appointed Receiver, I went to him to learn his policy; he told me he would be frank with me; told me, that so far as he was concerned, that no company in the country would have the same facilities as the C. C. and I. Company had; he said they issued bonds to assist in building the road; they had a contract by which they were to have fifteen per cent. rebate from the established rates. The next time I went to get a yard for handling coal at Leadville, the agent showed me several places where the ground was unoccupied, that were available for a yard to handle coal; I went to Mr. Jackson, he had informed me they had no room for a yard; I asked him if we purchased the ground, if they would lay in a switch; he said no. I asked him if we purchased the ground and laid in a switch, would they haul the coal; he said he could not tell; he was going up to Leadville and would investigate. I learned afterwards, from Mr. Cook,

Station Agent at Leadville, he told me that they had no empty cars. On the fourth of August I received a letter that I hold in my hand, from Mr. Cook, which reads, or rather states, that on and after that no further rebates would be allowed. A few days after that the following telegram was received by the Agent at Coal Creek. This is as follows:

"Have orders of Receiver that we can't furnish any more empty cars to the Calwell Coal and Oil Company, or the Pittsburg Coal Company, until further notice.

"W. W. B."

("W. W. B." standing for W. B. Borst, Assistant Superintendent and Superintendent of that Division.)

Next is a telegram from Coal Creek:

COAL CREEK, COLORADO.

To C. C. and O. Co.:

I have instructions from Receiver not to furnish any more empty cars, until further notice.

J. K. SWEENEY.

I immediately went to Coal Creek, and counted over a hundred empty cars, at that time. We sent this telegram: *To the Agent, J. K. Sweeney, Coal Creek:*

(Our Company sent this.)

"Are any empty cars at Calwell, Coal Cañon, or have they been removed?"

The answer: There are empty cars; have instructions to remove them.

The next day I received the following letter:

"J. H. Caldwell, Esq.:

"In answer to your telegram, all the cars have been placed where they can't be loaded.

"Yours truly,

"J. K. SWEENEY."

We had to dispose of what coal we had at our yard here; the yard was laying idle; we received notice from the lessors that they would cancel our lease; there was a provision in the lease that they could cancel the lease on giving sixty days' notice; they canceled the lease, and we had to surrender possession of the yard; we were about to proceed to bring the matter into Court when the general strike suspended everything, and we let the matter lay. The miners on our mine went to work a day or two before the Legislature started this present session. We then ap-

plied for cars; the reply was that they would have to telegraph to Mr. Borst; next day the agent got a dispatch, stating that their cars were all in use at El Moro or Walsenburg, and they had no empty cars for us; they went to Florence and counted over sixty cars, empty; the president of the company, Mr. Caldwell, came up and had a consultation with Mr. Jackson; it resulted in the agent telling him that he might have cars, provided he would not ship any coal to Leadville; we are shipping coal here and to some other points on the line of the road; the Leadville part of the market is very nearly as good a market for coal as all the rest of the State put together; more than half our output was sold in Leadville; we had a contract for about seventy tons a day; the price of coal there is eight dollars and fifty cents a ton, which gives a profit of from two and a half to three dollars margin in shipping it at the mine and paying four dollars a ton freight; the other places on the road where we have been obliged to ship our coal has—the price—has been cut by the C. C. & I. Co.; the price of Cañon coal here was five dollars and seventy-five cents until we began to ship it in here, when it went to five dollars and twenty-five cents; that gives them the advantage of handling the large market at Leadville, where they can sell at a large profit; we can't sell where there is no profit whatever.

The gentleman whose name you have mentioned here, Mr. Grossmeyer, bought a car load of coal from the Colorado Coal Mine Company and freighted it from Coal Creek to the place where he was boring; the freight was two dollars a car. He bought a carload from us; they charged him one dollar a ton, which made it twelve dollars a car. In regard to their excluding us entirely from Leadville, it is fair I should give their reason for it. When we began to ship coal there—or when we contemplated shipping coal there—we endeavored to make some arrangements with Mr. Danforth, of the C. C. and I. Co., that there should be no cutting in price of coal at Leadville. That we failed in. They said they always had a monopoly of coal there, and intended to maintain it. For that reason we made our contracts before we commenced shipping coal there. The price continued the same for a week or ten days, then they dropped the price of coal from eight dollars and one-half to six dollars and one-quarter. That was simultaneous with

the railroad raising the freight from three and one-half to four dollars. We run for several days before we got the price of coal at all. We finally reduced it to the same price. The manager of the railroad met me in Leadville; I asked him about their having a yard there; he said we had cut prices in coal and would have no favors there. I showed him that we had not cut the prices of coal; that the other parties had. He said he would see Mr. Jackson about it. Mr. Jackson said the same; they always insisted upon it. We cannot bring any number of affidavits from the best men in Leadville, who buy our coal, that we had not cut the prices. This is the only reason that the railroad has given for excluding us from Leadville. I can give the names of a number of gentlemen that will corroborate this testimony if required. James H. Caldwell, who is president of this company, and was down at the mine most of the time, who had correspondence with Mr. Jackson, also a number of interviews with him, he is now at Coal Creek.

Q. When will he be here?

A. It is possible that he will be here to-morrow—to-morrow morning.

Q. What will be his address here?

A. Room 33 and 34 Opera House Block will reach him. The names of a number of parties in Leadville; there is Samuel Adams, Ed. Holden of Leadville, Hon. C. P. Elder of Denver, E. R. Taggart, a resident of Denver, Nineteenth and Wazee, Mr. Howard, transfer man—M. W. Howard.

Q. (By O'Driscoll). What effect did their refusing to supply you with coal cars have on the company at the time?

A. We had to quit work; we had no market except the market we had from the Denver and Rio Grande Railroad.

Q. (By Mr. Rollins). Did Mr. Jackson ever say to you, in effect, that their contracts with the Colorado Coal and Iron Company were such that they had an exclusive right to ship coal over the Denver and Rio Grande road?

A. He said that their contract was that they was to have fifteen per cent. lower than any other rate. The last time I saw Mr. Jackson he told me there was no more coal

needed than the C. C. & I. Co. could furnish, and if he had been at the head of the road instead of Mr. Lovejoy he never would have had a switch in there. I have an affidavit from a party that I sent to Mr. Jackson in regard to the switch and the opening on this property; this is his affidavit as to what occurred.

Q. (By O'Driscoll). Would it be out of the way to ask the substance of the affidavit?

A. I will read it if there is no objection to it.

Q. (By Gilmore). What is the paper?

A. It is an affidavit as to what occurred in regard to putting in the switch. (Witness here reads affidavit which the stenographer is directed not to take down).

Q. (By Stirman). I would like to know the number of hands thrown out of employment?

A. We kept about eighty.

John J. McGinnity being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. John J. McGinnity.

Q. Where do you reside?

A. In Denver.

Q. What is your business?

A. Lumber, door and sash manufacturing.

Q. Did you hear the statement made to the previous witness as to the object of this inquiry?

A. Yes, sir.

Q. Can you give us any information as to this question?

A. I have no information as far as my own business is concerned.

Q. What is the line of manufacturing that you are engaged in—what articles?

A. Sash, doors and blinds.

Q. What is the freight on your manufacture, from the Missouri river for instance, on doors?

A. Seventy-five cents.

Q. On sash?

A. The same.

Q. Blinds the same?

A. Yes, sir.

Q. What is it from Chicago here?

A. I have not shipped since the present rates were established; I think it is one dollar and four cents.

Q. What is the rate on lumber, from the river, from which you make your doors and sash out of?

A. Fifty cents a hundred.

Q. What from Chicago?

A. From twelve and one-half to eighteen cents.

Q. What is the difference between the manufactured sash, doors and blinds, and first-class lumber from the Missouri river?

A. About thirty-three per cent. more.

Q. On the manufactured article?

A. Yes, sir.

Q. Where is your market to which you sell?

A. Our trade is in the State—in Colorado—generally, in the northern part of the State.

Q. Do you sell any of your manufactured goods outside of Colorado?

A. No, sir; nothing to speak of.

Q. Why don't you sell north of Colorado?

A. The rate is the same to Cheyenne as it is to Denver from the East.

Q. The freight from Denver to Cheyenne would have to be added?

A. Yes, sir.

Q. How does the freight from Denver to Cheyenne compare with the rate from the Missouri river to Cheyenne?

A. It is a trifle according to the distance.

Q. What is the rate on sash, doors and blinds to Cheyenne?

A. I am not positive on that; I think it is about twenty-six cents; I am not positive.

Q. Do you sell south of Pueblo?

A. No, sir.

Q. What is the reason that you can't find a market there?

A. I say no—we have sold some—for the reason that Kansas City and I think Pueblo have the advantage of freights.

Q. Then the railroad freights are such as to confine

your market between the Union Pacific and the Atchison, Topeka and Santa Fe roads?

A. Yes, sir.

Q. You can't sell anything north of the main line of the Union Pacific nor south of the Atchison, Topeka and Santa Fe line?

A. No, sir, nothing to speak of.

Q. How does the freight question affect you as to sending your manufactured articles into the mountains and west of Denver?

A. As regards shipping from the East, we have the same benefits, because the local freight is added on to their shipment.

Q. Does the freight on manufactured lumber operate against your selling manufactured articles to the mountain towns?

A. No, sir.

Q. The rate on manufactured lumber is high enough so you can manufacture it here?

A. To the extent that we can manufacture it here. Labor is higher here; only a certain class of goods we can manufacture anyway.

Reuben Berry, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) Where do you reside, Mr. Berry?

A. Colorado Springs.

Q. What is your business?

A. I am in live stock, fat stock and market business; have a slaughter house and two markets; we handle live fat stock.

Q. Have you heard the statement of the object of this investigation since you came here this afternoon?

A. I heard your statement to the first witness.

Q. I will ask you, then, if you have any information you can give the Committee touching the matters we are inquiring about?

A. Yes, sir; the information I have is, I suppose, more properly speaking, personal—my own personal experience. This matter of freight is and has been discussed frequently at the Springs, because we are perhaps a local point so far

Parallel

as two parallel lines go, and parties shipping stock along the line of the two parallel roads, hides, pelts, wool and grain, are many of them more or less affected; in that way the matter during the past year has been called especially to my attention, because I have lived there during the past year and a half, changing my residence from Elbert to that point last spring. Have been engaged in the stock business since 1874 and '5; I am the head of the firm, and we provide ourselves with live stock sufficient to carry us through till grass comes, and an additional amount to sell to outside parties. Our ranch is about fourteen miles east of the Springs; we have leased for the purpose of handling our live stock and fattening them; we have had all the way from two hundred to twelve or fifteen hundred wethers fed for our own market and other markets where we can sell to advantage; the wethers we have in the pasture we feed with grain, hence we have had to ship corn; along early in the season, when it became necessary to begin feeding corn or grain to our wethers, I tried to make the best contracts for what corn I might use out there. I sent in December one car load of something over thirty thousand pounds of corn out to the ranch; the ranch that I leased is known as the Old Big Corral; every stock man in the country knows it; it runs right down to Franceville.

I sent in December one car load of corn out there. About two or three weeks afterwards I sent another, making in all a little under sixty thousand pounds that I had thus far shipped for our wethers; we may have to do the same thing for our beef cattle, and may have to ship hay. Upon investigation I discovered that corn has cost me from seven to ten cents a hundred more than it would have cost provided the pooled roads had a connecting link with the D. and N. O.—that is, if the D. and N. O. was one of the connecting roads. If I could have had a car shipped from Nebraska and transferred from there to the D. and N. O. line and taken directly to Franceville without going to the Springs, it would have saved me at least seven cents, and ten, probably, a hundred pounds. I can show that I could have saved ten cents on each hundred pounds, making a difference of between forty and sixty dollars on the two car loads of corn. Every man understands that that would have been a large and handsome profit to our farmers. I

opened correspondence with the Secretary of the D. and N. O. to fully advise myself of what the rate should be.

Q. What did the corn cost?

A. The first car cost me one dollar three and three-eighths cents to get to Franceville; the next car cost me just a dollar.

Q. I see no objection to your stating what it would have cost you to have laid it down at Franceville with the connecting line?

A. It cost me eighty-five here, then I would have paid the local rates—it would have cost me ninety cents.

Q. As it was, it cost you a dollar in the second instance, and one dollar and three cents in the first instance.

A. Yes, that is it, exactly.

Q. Any further information?

A. Not that I am conversant with myself; there are wool men that could give information.

Q. If you know from your own knowledge the cost to these wool men you may state it.

A. I am not sufficiently conversant to tell you.

Q. Where are these wool men you speak of?

A. G. W. Gibbons is one who resides fifteen or eighteen miles from the Springs, east.

Q. Any of them reside here?

A. Yes, sir. All of you are familiar with Frank Willard; he resides here. Fred Bachman resides here.

Q. (By Mr. Stirman.) Are these wool men affected in the same way you are because of this road being in the pool?

A. Yes, sir; certainly. They are bound to pay a local rate until they come here, and then they can get the through rate.

F. M. Davis being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. F. M. Davis.

Q. What is your business?

A. Am manufacturing machinery, engines and boilers.

Q. What class of machinery are you manufacturing, Mr. Davis?

A. Almost everything in the way of mining machinery, and engines and boilers.

Q. Were you not present at the time of the statement made as to the object of this inquiry?

A. No, sir.

Q. The object of this investigation is to ascertain the truth of the reports to the effect that the railroad companies have been so accustomed to discriminate in their freight tariffs as to discourage the manufacturing interests of this State. Can you give us any information touching this matter?

A. I think that their tariff sheet will answer that subject generally; but there are some things they don't put on their tariff sheets. As far as Eastern rates are concerned, the rates on iron for our boilers is higher on the material than on the manufactured article.

Q. To illustrate?

A. The rate on boilers from St. Louis is one dollar and twenty-five cents; the rate on tubes is one dollar forty-five cents. The balance of the iron is the same rate that it is on the manufactured article; that is, boiler iron is the same as manufactured boilers. That is contrary to the rules of railroading anywhere except this way. Eastern rates all over are much less on the raw material than the manufactured article.

Q. Do you know what the rate is on pig iron?

A. I don't know that I can tell you exactly; I know from the River it is fifty cents a hundred.

Q. The rate on boiler iron is one dollar?

A. Yes, sir.

Q. If the rate on the raw material that goes into the manufacture of boilers was placed at seventy-five cents, would it adjust the matter in such shape so you could manufacture your boilers with profit in this country?

A. We would have just that much advantage, I presume; that would bring it down so we could manufacture and sell here.

Q. We have been told by other witnesses that the rate on pig iron was fifty cents, and rolled or malleable iron one dollar, and in consequence of it being so high it shut manufacturers out; is that your experience?

A. There is six or eight shops here, and one shop could do more than all of them are doing.

*Raw
x
material*

Q. If the rate was fifty cents on pig iron and one dollar on the manufactured boilers, would seventy-five cents on malleable iron be a proportionate rate according to the rules which govern such things generally?

A. I could not say whether that is the proportion that is adopted; I know the rate on the manufactured article is wrong.

Q. If you could get your manufactured iron laid down here at seventy-five cents, would it enable you to command the market of Colorado?

A. We could certainly do much better than we are doing now; now we have to sell closer than they do East; if they can get the boiler here cheaper than the raw material, they can manufacture it cheaper than we can.

Q. Where is your market?

A. It is west of this; we don't intend to go East; it is West and South.

Q. Have you ever attempted to make sales east of Denver?

A. Never have attempted it; we have in the immediate vicinity; I don't know that we have had any inquiries; we have to go six hundred miles east in order to get any market; there is no use for them on the prairie; we have made sales that went one hundred miles east, for some saw mills.

Q. You said your market was west?

A. West, Northwest and South.

Q. Do you go South of the Atchison, Topeka and Santa Fe Railroad?

A. We go to New Mexico and Old Mexico and North.

Q. How does the railroad tariff rate affect you in New Mexico; from here to the southern part of the State on the Atchison, Topeka and Santa Fe?

A. That is the worst we have to contend with here; so far as getting out is concerned, the Atchison, Topeka and Santa Fe have been charging forty per cent. more from Denver than they charge those shipping in here from the East.

Q. Can you illustrate that?

A. Certain party came to me and bought a hoisting outfit, boiler and engine; he says that other parties here—those that ship in—can get a lower rate than you can; I told him I didn't think it was so, that I would guarantee

as low a rate as they could make; he had the rate they gave him that they could get; I went to see about it; the first thing they asked me was, where was this stuff made; I told them it was made in Denver; they gave me the rate.

Q. Do you remember the rate?

A. I could not tell you now without referring to my memorandum of it; I saw I was beat on that and expected to lose the trade; he said I could probably get it shipped through Jensen, Bliss & Co.; I went to Mr. Bliss and asked him if he would ship it, he said he would, and asked what it was; I told him an engine and boiler; he said, I can't ship that; it would burst my arrangements up; he said he had a special rate with them to ship his goods at a certain rate, but they must be goods that were shipped in here; I knew what his rates were; I can give you the party's name; you can call him in, it is William Light, Superintendent of the Cash Entry mine, at Los Cerillos, New Mexico; this transaction was some little time ago; during the time that Mr. Brown was their agent here, I went to him and asked him the same question; he says, where are the goods made; in a joking way I told him they were made out of town; he knew better and he gave me the rate; afterwards their solicitor approached me in regard to the subject and said if I could make it an object by shipping in here, they would give me special rates; I told him I would prosecute them if I could get anything more on them; I thought it was contrary to our laws here, but understand since it is not.

Q. The object of this inquiry is to learn the facts and effects, and prepare bills to remedy the evils.

A. That sale I should have lost, or else had to pay, if Mr. Light had not thought enough of it to pay the extra expense.

Q. (By Mr. Stirman.) Is it a rule to make a difference between goods shipped in and those manufactured here?

A. I could not say as to that; I went to the Rio Grande, and they told me what they got out of it; it was only a few cents; the Atchison, Topeka and Santa Fe made these figures to me; the Rio Grande had no control, except to Pueblo; so far as any shipments to the mountains here is concerned, I have no knowledge of anything of that kind.

Q. Have you had any experience in regard to discrimination on roads north?

A. No, sir.

Q. The same thing has not affected you in any way, with reference to what goes into the mountains, West?

A. Not to my knowledge; they may have given through rates that affected us, but that I have no knowledge of.

Charles Hallack being duly sworn, testified as follows:

Q. (By Judge Gilmore.) You have heard the statement as to the object of this Committee?

A. Yes, sir.

Q. What is your business?

A. Lumber, sash and doors.

Q. Do you manufacture any lumber here?

A. Yes, in the mountains.

Q. Do you manufacture any sash and doors?

A. Odd sizes—certain sizes.

Q. Do you purchase your sash and doors and blinds in the East?

A. Yes, sir.

Q. Can you give us any information as to whether railroad companies discriminate against you?

A. Unless we could force them to raise their rates on sash and doors so we could manufacture here.

Q. How about the raw material?

A. There is only one thing that operates against it; that is the glazed sash; the rates on glazed sash is seventy-five cents from the Missouri river; on window glass it is something over one dollar.

Q. Is there any more risk on the window glass than there is on the glazed sash?

A. I don't know but there is some more.

Q. Is it worth any more to carry the glazed sash than the glass?

A. That is a question railroad companies can answer better than I.

Q. Is there much breakage in the odd sizes?

A. About five per cent.

Q. Do the railroad companies make that good to you?

A. No, sir.

Q. So that is not their loss?

A. No, sir.

Q. Are there any other items that you could give us?

A. None that I think of; no, sir.

Q. Do they carry unglazed the same as they do glazed?

A. No, sir; we have to ship sash separate.

Q. Is there any other difference in shipping glazed sash and doors?

A. No, sir; the rates used to be higher on doors, but the Chicago manufacturers got them reduced down so we can't manufacture as we could if the rates were put back where they used to be about three years ago.

Charles S. Howard being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your business?

A. Lumber and building material.

Q. Do you manufacture?

A. Manufacture sash and doors, just the same as Mr.

Hallack.

Q. Are you in connection with any firm here?

A. Yes; Hallack & Howard—not this Hallack.

Q. How long have you been in this business?

A. About eight years.

Q. Have you heard the statement as to the object of this inquiry?

A. Yes, sir.

Q. Can you give us any information?

A. I don't know as we have much to complain of. We manufacture as much—except the difference in freight. Perhaps if the rate of glazed sash was raised or boxes lowered we might manufacture more sash here; have not made a calculation on manufactures of that kind.

Q. Where is your market?

A. Colorado and New Mexico.

Q. Can you ship north of the Union Pacific line?

A. I was shipping there. There are some things that we can ship there—these odd sizes that they would have to send East for—they would have to pay the local freight on. We cannot ship what we call stock sizes; the rates would prohibit that. We can't ship much to Longmont and such points, because the rates are the same from Chicago there as to Denver. It is the same at Colorado Springs and Pueblo.

Q. Your market, then, is west and the boundaries?

A. Yes, sir.

Q. Do you discover any difference in the freight on articles manufactured here and articles manufactured and brought from the East and shipped to the mountains?

A. Yes, articles are delivered from the East to these points as cheap as here. We have to add the freight from here to these points.

Q. Is the rate the same to Georgetown from the Eastern points as to Denver?

A. I am not sure about Georgetown; I think it has been to Golden and Longmont.

Q. Do you have a market in the mountain towns?

A. Yes, sir.

Edward B. Light being duly sworn testified as follows:
(Mr. Rollins excused from attendance with the Committee.)

Q. (By Judge Gilmore.) What is your business?

A. President of the Denver Manufacturing Company, who are dealers in saddlery hardware, manufacturers of harnesses, saddles, and do a general business.

Q. How long have you been in that business.

A. About eight years.

Q. You have heard the statement as to the object of this inquiry, have you, this afternoon?

A. Yes, sir.

Q. Can you give us any information on the matters before this Committee? If so, you may state what knowledge you have.

A. I can corroborate in the first place, the testimony of some of the gentlemen that the freight on raw material on all business is the same as that on manufactured goods,

which perhaps is three or four times as valuable and more bulky.

Q. You may illustrate that by specifying articles.

A. Take twenty-five dollars worth of leather; it would weigh three or four times as much as a harness worth twenty-five dollars. Take twenty-five dollars worth of saddlery hardware; it would weigh fully four times as much as saddlery harness.

Q. Explain the discrimination.

A. By shipping; in the first place I have got to go back to the root of this; the discrimination which our manufacturers are suffering under is the very high rates of freight to most points here from the East. In saddlery hardware there is a combination among all the manufacturers, and the work of that combination is to allow the purchaser of all goods, to allow the freight as far west as the Missouri River, so the manufacturer at the Missouri River pays no more freight than it is at Newark, New Jersey. The cost of the freight from the River to Denver is about one-third the cost of the article in Newark, New Jersey. So you take a hundred dollars worth of saddlery hardware, the freight on that—perhaps hardly so—one fourth is one hundred and twenty-five dollars, where it will cost a man at the Missouri River one hundred dollars. If a dealer at the River would sell at twenty per cent. profit and gets one hundred dollars at Denver he must get one hundred dollars for these goods to make the same profit that a dealer at the River does; in selling to our home dealers—Colorado—it makes no particular difference, because Colorado has got to pay the freight, but our trade reaches farther than any house in the State. We manufacture goods that are a specialty for all this stock region and this mountain trade; we send men to Texas, New Mexico, Arizona, into Texas, through Kansas, Nebraska, to Idaho, Montana and out up in that direction. We have gone as far as Hailey and Oregon. There are specialties that are so well adapted to the trade that buyers don't take into consideration the freight, because they are not heavy goods; we buy nothing by the car load and sell nothing by the car load, but we are prevented from selling a large amount of goods which we might sell if the rate of freight was in proportion to the haul. While there is a general depression in business we have decided to discharge our men selling

in the northwest—a man who has been on the road for eight years; we have taken him partially on account of the depressed times and equally on account of freight rates. Our competition is principally with California houses. They can ship to California from the East cheaper than we can ship them to Denver. They go to San Francisco for less than we have to pay to leave them off at Denver, which enables the San Francisco dealer to get into Idaho and sell as cheap or cheaper than we can. They carry them across the continent and ship them back. Many articles, such as chains and hames, we have to ship direct from the factory to the purchaser; by doing that we get a much less rate of freight. I am pretty tired of that business; it enables our customers to learn where we buy our goods; it enables the manufacturers to learn who we are selling to. In a little time our trade is gone. As to discriminations, two years ago we had a man in Texas who found he could sell a large amount of wooden stirrups made in Ohio; all these goods went south of the pool lines—south of the Atchison, Topeka and Santa Fe; the parties we were selling to didn't know where we got them; by getting stirrups from the East to Fort Worth, could haul them down for one dollar and ten cents; bringing them to Denver and shipping them down there cost five dollars and ten cents. I went to the Agent of the Atchison, Topeka and Santa Fe and laid this matter before him, and said I could handle a large amount of these wooden stirrups, will you allow me the same rate that they do on wooden ware, the wooden ware rate is sixty cents a hundred? The reply was: "I cannot do it myself, but will write to Topeka, the headquarters, and see what I can do for you." Formerly the company was the Denver Whip and Collar Company; I told him it was the Denver Manufacturing Company; he said "the name will kill this thing, because you are manufacturers." I asked further, if they would allow me to ship in car load lots, then if they would give me special rates on what goods I shipped south of Emporia, which is a pool point; that way they would get a draw to Denver and half way back to Kansas City, and at the same time none of the goods were sold in their territory. It was declined on the statement of the gentleman himself, that it would not be granted because we were manufacturers; and the reply came back as he had predicted. Another time, I tried to

get better rates of freight by way of El Paso, into Texas. The statement was, if we would ship over their lines our goods, or a greater portion of them, that they would make a special rate to El Paso. I don't know whether you would call that discrimination or not. I want to explain a little further as to this discrimination of the Northwest; in Colorado it would require at least twenty-five mechanics to manufacture the goods that salesmen would sell; allowing four members to each family, that deprives one hundred persons from support. To give you an idea of the corresponding rates between the River and the East. I remember at one time last fall we had a shipment of blankets from Philadelphia; the freight bill was one hundred and seventy-five dollars; there was no cut rate at that time; the charges from Philadelphia to Chicago was forty-five dollars, and from Chicago to Denver—about an equal distance—was one hundred and thirty dollars; in other words, the freight from Philadelphia to Chicago was about one-fourth, while the other half of the distance was three-fourths. You will find that there are fifteen or twenty merchants in this city who are in favor of heavy rates, because the higher the rate is the better the rebate is. One party in Leadville told me he got a check of over two thousand dollars rebate; this rebate had enabled him to sell goods when others could not sell them; the greater the rate of freight from the River the larger the rebate the railroads can give these shippers and still get a fair freight on their work. To show the discrimination in favor of Cheyenne against Denver by the Union Pacific Railroad Company, subsequent to the time the Chamber of Commerce was formed and our Committee on Transportation was named and got to work Cheyenne had a much less rate of freight than Denver; it was impossible for our merchants to sell goods there, because the regular rate here from the East was higher than to Cheyenne; Cheyenne would have been able to sell goods in Denver had she the capital, because she had much less rates of freight. The committee from the Chamber of Commerce, at the time of the break in the pool, last spring, when a new pool was formed, they called the attention of the manager of the pool to the fact that Cheyenne was getting a better rate than Denver; when the new pool was formed the manager insisted that the rate to Cheyenne should be

Pool

the same as to Denver; they made a great effort to put all the northern towns of Colorado on the same basis, but the Union Pacific would not allow it, and these towns are kept out. I think merchants from Central City and Georgetown could give you a good deal of information, because they ship around Denver to avoid pool rates; by doing that the Union Pacific gets the entire amount of money that is paid for the haul; if they come into Denver she gets twenty-five per cent. of the haul; she can afford to haul goods to Georgetown for one-half the price that she does to Denver.

Q. (By O'Driscoll.) Do you know whether Wolfe Londoner ever had a drawback?

A. I do not; there was a rumor that he stopped off a train load of sugar. I do know that some of the merchants at the time of the freight war at Salt Lake last fall, tried to have goods shipped to Salt Lake and reshipped to Denver; then they tried to have them stopped off, and they would not allow either one. In my business I can manufacture here as cheap as the same goods can be manufactured in the East. I was manufacturing whips in Westfield, Massachusetts, before coming here; I found that I can manufacture cheaper here than I could there; a certain class of goods—leather goods—there is no reason why we should not sell over the country tributary to Denver all the whips, but in order to do it I must show samples of them; it does not pay me to send out samples alone; we may later in the season make one trip out where I took my man off; if the Union Pacific hauls to Denver she gets twenty-five per cent. of the haul if she can haul the right to Ogden she gets the whole of it. The south is the same practically with the Atchison, Topeka and Santa Fe; we had considerable trade at Trinidad, but gradually it has been called off; merchants tell us they could get their goods in there cheaper from the East than they could from Denver. We can't ship to El Moro and have them shipped from there into Trinidad; we have to ship to Pueblo, to La Junta and then to Trinidad. The same statements has been made in regard to New Mexico; a discrimination which I don't know personally existing, but have every reason to believe to be true. There is Alva Adams's address as President of the Board of Trade at Pueblo, made two years ago, in which he states that the nails that was manufactured by the Colorado Coal and Iron

Company, if shipped to El Paso, had to pay a tariff of fifty cents a keg. If merchants had bought East and shipped to Pueblo the freight was twenty-five cents a keg, and re-shipped to El Paso it was twenty-five cents a keg, so that Colorado manufacturers pay the same as from the East, by way of Pueblo. R. C. Brown, of the McClintock Block, is the agent of the C. C. and I. Company.

Q. Can you give us the names of witnesses that we can get information from?

A. Before I go away perhaps I will think of some. I think you would get some very valuable testimony from Pueblo by inquiring. I want to state that in my business we are not heavy shippers—ship nothing by the car load. Our freight amounts to about five thousand a year. It is all a class of goods that pays a high rate of freight, and nothing in car load lots. Our Denver manufactures are on the decline—our Colorado manufactures—Denver is the principal manufacturing town, Pueblo is the next. Get outside of Pueblo and Denver and there is very little done. Our manufacture is on the decline and has been ever since this pool was formed. The pool is the curse of manufacturing. To illustrate, when we had nothing but the old Kansas Pacific to haul goods to Denver we could get all our goods cheaper than we can to-day with four lines. Where the traffic will bear a higher rate of tariff the classifications are being constantly raised and changed. If you are not shippers you will not understand how the classifications affect the rate of freight. When you change from first to second and second to third it has a wonderful effect. Goods in the East in my line, shipped in three classes, all come here as first class. They used to have an inspector at the depot who opened all our boxes. If they found a few articles properly first class that whole box went up to first class; for instance rosettes, now a hundred pounds of rosettes go a long way; if you are buying a few gross of rosettes, amounting to ten dollars, and with that there goes two or three hundred dollars worth of saddlery hardware; if these rosettes are found in one box up goes that whole shipment to first class; in the East rosettes are always shipped as saddlery hardware, as third class all through the East. If you want any proof of the decline in manufacture, there is not in Denver to-day twenty-five per cent. of the mechanics that there were two years ago

to-day employed; the iron industries are not employing twenty-five per cent. of the labor they were two years ago. To illustrate how it affects our wholesale merchants, you will find all our wholesale merchants friendly to railroads because they get their rebate. I had a man by the name of Brown, from Wyoming, out to the Exposition, he saw our goods and liked them very much; we sold him a thousand dollars worth of goods, he says: "I am perfectly satisfied with these prices, and don't know why I can't buy my dry goods and groceries here." That time Sprague, Warner & Co. were directly opposite to me; I first went over and introduced him to Mr. Morey. He said: "I know you. Our house has sold you goods; while I would like to sell you goods from this house the freight tariffs are so arranged that it is impossible for me to do it." Of course Mr. Brown did not want to go any further, he stopped there. Mr. Morey said further: "We sell a few goods in Cheyenne when people are in a hurry for them; we sell practically no goods in Laramie." Sprague, Warner & Co. have unlimited capital at their back; they are the most successful and largest merchants in Chicago; there is no reason why they should not sell on the Union Pacific if there were not discriminations against them. I went to Mr. Marquis, who has done some canning of tomatoes and vegetables; he said, early in the season he went to the wholesale grocers because they had large capital and as soon as he could deliver the goods he could get the money and he didn't have the capital required to sell them to the retail merchants. They told him if he could sell as cheap as they could buy in the East they would buy of him. He says, "I will do it; show me your bills, what you pay in the East, and we will add the freight to it and that shall be the price of my goods." Mr. Morey said to him after giving him the cost on the goods then adding the freight, he said, "Now from that freight you must deduct fifteen per cent." I don't know what that was unless it was Mr. Morey's rebate; Mr. Marquis has been in the business a number of years; Mr. Morey is very much opposed to any railroad legislation; when we had a meeting to decide upon the rate of freight that ought to be asked by the railroad companies they were in favor of an exceedingly high rate of freight; I presume they were pushing it more than the Brown Brothers are; I had a lot

rebate

of scrap leather that is valueless to us, if I could get that to Eastern manufacturers of shoes—anything that is large enough for a heel is valuable—they pay from three to five cents a pound for it, at that time I got shipments from here to Boston at one dollar and twenty-five cents a hundred; I would get a few dollars out of each of the shipments; I tried to ship some this fall; the best rate I could get was two dollars from here to Boston; I shipped the goods; they insisted on their being boxed; I told them I would have to pay freight on the boxes and asked the privilege of putting them in sacks; they granted that; from our tannery we have a refuse that is good for glue; we have manufactured some glue, but not being practical glue men, and not having a good glue maker, it was not thought advisable to make it; I went to ship my glue stock East, that is worth at St. Louis two cents a pound; the best rate of freight they would give me was \$1.45 a hundred; by the time I paid for hauling it to the depot, and for boxing it, it cost two dollars a hundred, so I had better leave it here and take my chances; they would not let me ship these glue scraps in sacks, but I must box them. I knew there was no use to ask then any favors, and I didn't ask for any. Manufacturers ought to succeed in Colorado; there are a great many reasons why anything made of wood can be better made in Colorado than in the East; because you take and dry lumber as thoroughly as you can dry it, and take it into a moist climate and it will go to the condition it was before; our dry atmosphere here dries the lumber thoroughly, and then there is no moisture goes into it, so we are enabled to make a better wagon with the same material, also furniture; our climate helps us in a great many things; now, in the manufacture of glue, in order to dry glue, you have got to have a large building, then, in the fall of the year, in taking it from there, you are very apt to have the glue sour; here, in Colorado, there are four or five; one man burnt out a few days ago; they manufacture it right out of doors; and it never sours, and the plant would not cost twenty-five per cent. of what it would in the East; in the manufacture of soap the climate has the same beneficial effect; the manufacture of vinegar the same materials and treated in the same way will manufacture vinegar that is one or two than that manufactured in the East; one manufacture paves the

way for others ; one manufactory lives off from others. I have showed you how glue is made from the refuse of our tannery ; there is no place where you can manufacture and employ help as cheap as you can in Colorado ; the country is overrun with people seeking for something to do, with invalids who are not strong enough to go into mines, who want to go into a factory ; I have always found that labor is so abundant that you can hire it at your own price—that is, common labor ; you take a skilled laborer, you will have to pay him a little more. Raw material ought to be from fifty to seventy-five per cent. less than the manufactured article. Two years ago the Board of Trade employed Mr. Pierson, the Pool Commissioner, to give them the synopsis of freight in and out of Colorado. They paid him two hundred and fifty dollars. He actually gave them less than one-half the business the Pool had had that year. We made an estimate afterwards that the railroads had drawn from Colorado twenty-five millions of dollars that year, which was about equal to the output of all our mines. If, as we believe, the railroads are charging nearly twice the freight that they should to and through the mountain towns, they are taking ten million dollars out of the State that ought to be in the State to-day. If it was not for the great amount of capital coming here for investment, the amount of money brought here by invalids who are obliged to come here for their health, the wonderful prosperity of the stock interest, Colorado to-day would be in the worst condition of any State in this Union, wholly attributable to the amount of money drawn from it by the railroads and from the discriminations which deprive us from manufacturing and doing business.

The Committee met on Saturday afternoon, January 24th, 1885, pursuant to adjournment.

Present—Gilmore, Chairman ; O'Driscoll, Hinman and Stirman, associate members of the Committee—Mr. Rollins having been excused—and the following testimony was taken :

Louis Doll, being duly sworn, testified as follows :

Q. (By Judge Gilmore). What is your name?

A. Louis Doll.

Q. What is your business?

A. Furniture dealer.

Q. Where are you dealing?

A. Larimer street.

Q. This city?

A. Yes, sir.

Q. How long have you been in the business?

A. Since 1870.

Q. The object of this investigation is to ascertain the truth of statements that have gained currency to the effect that railroad companies having their lines terminating in this State have been accustomed to so arrange their freight rates as to discriminate against the manufacturers of this State. We want to know whether that is the truth or not, and for that purpose have called for men engaged in various branches of business in this State to give us information?

A. I don't believe they can do any manufacturing here, because we can't manufacture here.

Q. You say you can't manufacture here?

A. No, sir.

Q. Why not?

A. The first reason is, we ain't got the timber; that has got to be imported; we ain't got nothing here, everything has got to be imported; the second, we don't got the labor for what they pay the laborers in the East; I tried it several times; I dropped it every time. I am a cabinet maker myself.

Q. Do you know what the rate is on the class of lumber that would go into the manufacture of lumber in this State?

A. No, sir; I don't know how they ship, whether by weight or what.

Q. If lumber could be brought here—the raw material—at such rates that you could manufacture your furniture out of the raw material, could you not then manufacture furniture here?

A. I think not.

Q. For what reason?

A. On account as I said; we got to furnish all the material from the East.

- Q. What is the difficulty of bringing that here ?
- A. In the East they are all pretty near in the timber, come close to the timber, go where they get everything so low down ; if I want to manufacture here I go back there and buy it and fetch the lumber here—a few million feet ; commence cutting it up and manufacturing, your few million would be gone before you know it.
- Q. Where do you sell your furniture ?
- A. There is no market ; not so very much.
- Q. You have never attempted to bring in the raw material here ?
- A. No, sir ; I have figured on it already. I like to do all the good to the railroad I can.
- Q. Do you manufacture anything ?
- A. Occasionally take a small job.
- Q. Mattresses ?
- A. No, sir ; I used to.
- Q. Manufacture springs ?
- A. They will lay them down already cheaper than I can make them. I buy of dealers who handle them.
- Q. Who handles them ?
- A. Kendall and Stewart.
- Q. Do you know the reason why Kendall and Stewart can manufacture as cheap as the men in the East ?
- A. Because they get the lumber so cheap, and he have wires.
- Q. Is there any difficulty on account of the expense of freight in getting your raw material ?
- A. I don't know if they charge in bulk a little less, I believe just the wire alone they charge more than for the spring. The spring is the same thing as the bed.
- Q. Would not you say then that the high tariff on the spring operates to prevent the manufacture of beds here ?
- A. I don't believe they can. I would not do it if I had a million of dollars.
- Q. Why not ?
- A. I would not make anything on it.
- Q. Is not the question of freight the cause ? If you could get the freight for nothing here wouldn't you make something ?
- A. That is all right ; I will give you all the freight. Springs cost twenty-five cents a hundred to bring here from the East ; less by the car load. There is about twenty-five

to thirty-five pounds. They sell me a spring for a dollar and a dollar ten cents East; so it costs one dollar twenty-five here.

Q. You have furniture brought in the knock-down condition?

A. Yes, sir.

Q. You have the same kind of furniture brought already put up?

A. Yes, sir.

Q. What is the difference in the freight?

A. Knock down we got to pay the same rates as set up; knock down I got to pay just as much as finished goods; knock down goods we pay first class ought to be about third or fourth class—we have to pay first class on that.

Q. There is not much, in fact, brought in knock down condition?

A. If I bring it in full set up they will charge double freight; if you send in with glass in it is double freight; if you take the glass out it comes in knock down.

Q. So you get no benefit as far as the freight is concerned from finishing the lumber after getting it here?

A. Not a bit.

Q. Mr. Doll, about how much freight charges do you have to pay during the year?

A. I don't keep any account this last year; of course business went pretty dull, sometimes run from ten to twenty thousand a year; the average net per centage eighteen and twenty-one up to seventy-five per centage; that is the rate; this I can get in bulk and weigh.

Q. Have you ever heard where men are doing a large business, like yourself, of rebates from the established freight rates?

A. I heard some of them but I never had any; last summer they told me they delivered my freight for sixty-two per cent; they come to me and said, "Doll, you have the cheapest rate in Denver;" I said that is a damn lie; from Chicago I paid eighty-nine, from St. Louis eighty-seven cents; there was never any sixty-two per cent., never.

Q. In bringing goods by car loads of your class of merchandise are you able to pay the full amount the car is rated for on to the car.

A. The way the car is rated for now, twelve thou-

sand, we can get finished furniture from twelve to fourteen or sixteen thousand.

Q. Whether you got the full capacity or not you have to pay about twenty thousand?

A. Yes, sir.

Q. They don't allow you to put the surplus into another car to make up the twenty thousand pounds?

A. No, sir; only what goes into that car.

Q. You are charged whether you get the twenty thousand pounds into the car or not; you are charged at that rate.

A. That makes from twelve thousand up to twenty or thirty thousand.

Q. I understand that if you are under twelve thousand that it goes at car load rates, but you can put as much over as you can get into the car if you pay for it?

A. If I have room enough can get twenty thousand; if I load a car with knock-down goods can fill thirty or thirty-five thousand; of course I have to pay extra according to car load rates.

Q. What is the car load rate?

A. From twelve to twenty thousand; what is over twenty thousand I pay car load rates; if it is a cent and three-quarters or a cent and one-half I got to pay them.

Q. Do you know of any one else that has rebates?

A. I never know; I all the time fight my own battle; looking glass plates what is over three feet they charge double; I darsent let everythings in a car in my line.

Q. Why not?

A. It is against their rules; if I get a looking glass measures over three feet it is double first.

Q. Do they charge double first for your whole car load?

A. Yes, sir; so much extra on looking glass don't affect the rest of the freight.

Q. What is the difference between looking glass plates and the finished looking glass?

A. That is the same thing.

Q. Where is your market that you sell to?

A. A good deal around here and outside.

Q. Do you ship any into the mountains?

A. Yes, all the time.

Q. Any north of the main line of the Union Pacific railroad?

A. No, sir.

Q. Why not?

A. The freight is against me; charge too much; we got to pay what freight runs from here to Cheyenne.

Q. Cost as much to get it to Cheyenne as to bring it here?

A. Yes, sir.

Q. Can you ship any south of Pueblo?

A. Pretty hard; have to pay extra freight.

Q. Same difficulty as to the north?

A. Yes, sir; I had to fight six weeks or two months going to Alamosa.

Q. How is it in shipping to Colorado Springs, Longmont and Boulder?

A. I don't ship any there.

Q. Why not?

A. I don't work for that market because they lay their goods as cheap as I can here; I got to pay extra freight on it; they ship down to New Mexico cheaper than I can get it here; to Boulder and Longmont that is light rate, don't amount to anything.

Q. (By Stirman). What is the cause of that being light?

A. These people get little bills of goods there—don't amount to anything—can ship it to Longmont from the Union Pacific; the men don't amount to much.

Q. They are doing a light business?

A. Yes, they don't amount to much. I ship packing twine in a car load. I can take a ball of packing twine and throw it in a car and it don't break. When the car was unloaded that was not here. When I found it I had to pay first class freight on it. That pool ought to be destroyed. That pool is corrupt robbery. We have all got to support a lot of loafers which is employed in that pool line. That Pool agent, now I know him from here to Cincinnati. Such things ought to be stopped for good.

Q. (By Stirman). You know it would be of interest to the manufacturers and merchants of the State to have that pool broken up?

A. Yes, sir.

Q. Any other class of business but looking glass and

packing twine that affect you by their doubling the rates on?

A. Looking glass is double first; anything else not in their classification you pay double first on.

Q. If you put them in a car, whatever their class, there is extra charges for them?

A. Yes, sir; I got to pay the regular tariff.

William J. Barker being sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business?

A. Not in any business.

Q. How long have you resided in this city?

A. Fourteen years.

Q. You heard the statement that was made as regards the object of this investigation?

A. Yes, sir.

Q. Can you give us any information which will help us to find out the facts concerning this matter which we have before us to inquire about?

A. I don't know that I can, because I have been out of business for two years.

Q. What business were you in prior to that time?

A. Flour and grain.

Q. Manufacturing flour or dealing in flour?

A. Manufacturing most of the time.

Q. So far as the manufacture of flour is concerned—so far as your experience goes—or in any other line of business in which you are engaged; is there anything in the question of freights which affected your business unfavorably?

A. I don't know how you would get at that; may be so, there was, of course; if they didn't charge any freight of course it would be more favorable; if you can put it in some shape that I can answer it directly, I should be pleased to do so.

Q. Do you know anything about any other line of business?

A. No, sir.

Q. Have you manufactured anything except flour?

A. No, sir.

Q. Have you been engaged in the coal business in any way?

A. Not any.

Q. Ever know any adjustment of freight that would affect one locality in preference to another?

A. I used to complain of shipping to Golden at the same rate as here, also to Pueblo; it shut us off from the mountain market; I don't know but it was just, but we preferred to have it different.

C. C. Davidson being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your full name, Mr. Davidson?

A. C. C.

Q. Where do you reside?

A. In Denver.

Q. How long have you been here?

A. Since 1873.

Q. What business are you engaged in?

A. At present in the brokerage business—merchandise brokerage.

Q. Have you anything to do with the freight business in any way?

A. Not at present.

Q. Have you at any time been connected with any other matter concerning freight charges?

A. It is some time ago, not within the last four years.

Q. Does not your business, selling as a broker, merchandise lead you to know something about freight rates?

A. The question is always asked what the rate is on goods we are selling—nearly always. We simply refer them to the tariff—freight tariff.

Q. Does the freight affect the price of your articles that you sell?

A. Largely.

Q. Then does it in any way affect your business?

A. It does to some extent.

Q. Explain to this committee in what respect it affects your business. Is this confined to railroads in this State?

A. It is confined to railroads that affect us in this State.

Q. If it affects you in coal or merchandise it comes within the scope of our inquiry.

A. The discrimination that affects us business men is that from the two directions, you might say, East and West. Take the article of sugar—from California here it is one dollar and forty cents, while to Kansas City it is but one dollar; I think the same to Chicago from San Francisco. I don't know that that figures in this case.

Q. Yes, that figures; any other illustrations of the same thing?

A. You may say that will include all the products of the Pacific coast, canned goods, sugar, rice; also take the article of rice, the rate is one dollar and forty cents to Denver, and to Kansas City one dollar; the same difference in other things.

Q. You gave an illustration in shipping from San Francisco. How is it in shipping from Chicago and New York this way?

A. This rate that we get from San Francisco controls the prices East. It is impossible to ship from the South and East now to any extent. You may say seven-eighths, perhaps nine-tenths of the sugar comes from the Pacific coast now.

Q. So that the rate from the East being high, shuts out all sugar from the East?

A. A refined sugars; we sell some raw sugars from New Orleans and some from New York.

Q. Do you know as to the price of raw sugars from New Orleans, as compared with that from Kansas City?

A. The rate on raw sugar from the River is one dollar; the rate from New Orleans is thirty-five cents.

Q. Do you know how it would be from New York to Kansas City?

A. I suppose, the same difference, relatively the same. The rate is some times thirty-five cents from New York to Kansas City.

Q. So you can get it cheaper from New Orleans than from New York?

A. Yes, sir.

Q. Do you know who gets rebates?

A. No, sir; not personally, of my own knowledge.

Q. Can you give us the names of those who do know anything about, or that you think knows anything about it?

A. Do you want to know what I think; I can't tell anything definitely?

Q. Yes, sir.

A. I think there is a great many that know something about it, but I don't know enough about it to make a statement.

Q. We would like the names of witnesses who would, perhaps, give us information on that point?

A. I think that would be presuming too much on my part.

Q. All that this would amount to would be to indicate some one that we could send for.

A. I don't think you would go amiss to send for any of the old jobbers here.

Q. What are the names of the old jobbers who would give us the most information, who of the firm of J. S. Brown & Co., who would give us the needed information on the freight question?

A. I don't know as I could tell you.

Q. Who would be likely to?

A. I don't think you would run amiss to ask either of them.

Q. Either one of the firm?

A. Yes, sir; not if it is to them; go for any of the jobbers.

Q. We have got to get names; we are not conversant with the names of people all over the city.

A. If I could give you absolute information I would not hesitate a moment. J. S. Brown & Brothers, George Tritch, Struby, Estabrook & Co., the agents of that firm, would be likely to know more about the freight business. Don't know as there would be much difference. Struby is the manager there. That includes the principal jobbers here, I think.

Q. Is Mr. Cornforth a jobber?

A. Yes, sir. Not strictly a jobber, he retails.

Q. Birks Cornforth?

A. Yes, sir.

Q. Wolfe Londoner, is he a jobber?

A. Yes, sir.

Q. Do you know whether C. S. Morey is in the city?

A. I think he is absent, sir.

M. W. Howard being duly sworn testified as follows:

Q. (By Judge Gilmore.) What is your full name Mr. Howard?

A. Mason W. Howard.

Q. What is your business?

A. Transfer business.

Q. How long have you been in that business?

A. Three years.

Q. The object of this inquiry at the present time is to ascertain the truth of statements which have gained currency to the effect that railroads having their lines terminating in this State, and also having their lines in the State, have been accustomed to so discriminate by their freight rates against the manufactures and other interests of this State. What is in our minds at the present time is the coal business. We are advised that you could give us some information concerning some of the coal interests; if so, will you advise the Committee as to these matters? We have learned concerning some difficulties that some parties had in getting coal from Cañon City and Coal Creek against some other parties who had better facilities.

A. As regards that matter, prior to a recent date I could only speak from common rumor. I think that there are parties in the city who could give you valuable information in regard to that that were directly interested at the time. I suppose the coal you refer to coming from Cañon City is what is known as the New Canon coal, that coal which at the present time we are agents for. I am told that they give us the same rate that they give the Colorado Coal and Iron Company; if they are not giving us the same rate I don't know it. The price we pay per ton is two dollars and a half; the Receiver of the Denver and Rio Grande, Mr. Jackson, informs me that the Colorado Coal and Iron Company pay the same rate. I simply know it because it is billed to the Colorado Coal and Iron Company at that rate; if there is any reduction it is made in a way I don't know anything about it. When we first took the agency the Colorado Coal and Iron Company cut the price fifty cents per ton for delivering, but they run out of coal in four or five days after we commenced receiving. They informed me a few days ago that when they got coal, the old price, five dollars and seventy-five cents a ton, would be the price.

Q. Do you know about the Caldwell Coal and Oil Company—what rate they paid?

A. No, sir.

Q. Do you know of difficulties in the way of their getting yard room here?

A. There was a difficulty with regard to the yard room; I know something about recently. The railroad company claimed that under the former management of the Denver and Rio Grande Company that the Caldwell Coal and Oil Company was getting the best part of their yard for handling coal, and the lease was cancelled by the Receiver, Mr. Jackson; that was not cancelled until some time after this strike, in which they were not getting any coal; there was some question arising as the legality of the right of the road to cancel that lease. I understand that the railroad company, to save any trouble on that question, simply paid Mr. Taggart the price that he had paid for fixing up the yard; I think that is the fact; Mr. N. Taggart told me so himself.

Q. Have you ever made any attempt to ship coal from this point to other points contiguous to Denver?

A. Yes, sir.

Q. Which direction?

A. East, North and West.

Q. We will confine ourselves first to the East: What success did you meet in shipping to the East?

A. I had a man go down through Kansas to solicit orders for anthracite coal mined at Crested Butte, in this State; he spent some six or eight weeks along the line of the Kansas Pacific; on the understanding that we were to have a rate that had been in force for one or two or three years, goes as far as Kansas City, at three dollars and one-half a ton; the rate was named by the General Agent of the Union Pacific Railroad, Mr. Keeler; we took orders for fifty car loads immediately, five hundred at a future time; I ordered some fifty cars to fill the first order from the mine; ten cars of coal arrived here, three of them were sent over the Union Pacific on the regular transfer sheets of the railroad company and went forward; how the information reached Omaha I don't know, but orders came immediately by telegraph not to receive more anthracite coal; I simply received notice that they would not take any more anthracite coal; I inquired why, they

simply said they would not take any more of it without giving any reason; I communicated with Omaha through their General Agent, Mr. Keeler, the only word was they would not carry it at that figure, although the rate had been named on different occasions; I then wrote to Mr. Shelby, the General Freight Agent of the Union Pacific Railroad, asking him why he pursued that course; he replied that they would not do business at a loss; I then explained to him the situation; he replied that he would allow what cars I had to go there, but no more; I declined that offer; the tariff was then issued making the price of coal ten dollars instead of three fifty, and requiring prepayment on the coal; I had already provided for unloading it here, and we did unload it here in Denver; one of the parties interested in the shipment of this coal went to Omaha to interview Mr. Vining to try and ascertain why it was; the only answer was, it was against the policy of the Union Pacific company to encourage any business coming from the Rio Grande; the season had so far advanced we could not do anything in Kansas on that coal; now since the mine is started this year the road has made the old rate.

Q. When was this that you had your transaction?

A. A year ago.

Q. You have made no recent attempts to send any coal in that direction?

A. No, sir, we have not, because we have taken the agency for the city of Denver and let the outside run in the hands of Colorado Company, who are operating the mine.

Q. Who is the agent of that company?

A. Dr. S. F. Rouse; I understand not, that they are getting the three dollar and one-half rate on what they ship.

Q. You state you had also shipped coal North. To what places North?

A. We have shipped to Cheyenne, the only coal that we could put into Cheyenne was in cases of these cattle men in Cheyenne who ordered it and made their own arrangements for rates.

Q. Why could not you ship coal to other parties?

A. Because they had this ten-dollar-a-ton rate; the same rate was good to Georgetown and Greeley.

Q. Any other anthracite coal?

A. The only anthracite coal in the market was what we handled at that time.

Q. What is the rate on anthracite coal from Crested Butte, from there to Denver?

A. Four dollars and fifty cents a ton.

Q. Does that all come over the Rio Grande?

A. Yes, sir.

Q. The South Park don't have a line up there?

A. No, they run within twenty-eight miles of the anthracite mine.

Q. Are there any other points on which you could give this Committee any information—any other branches of industry, of business?

A. Our business is the transfer and storage business; it simply hauling the goods from the merchants to the depot and storage, moving any class of freight that is moved on wheels; we don't ship much except feed for our stock; that we get in car load lots, on which we pay the same rates that others pay. The coal we are largely interested in. Understanding the location of the mine and the difficulties the railroad companies labor under in getting it out, we have no fault to find. The snow this winter has been fifteen feet deep; you can readily see how difficult it is to operate. I imagine all the freight we have paid has been put in opening the road. Anthracite coal, as it is handled in the East, is done by storing it. Our plan now is to handle all the coal in the summer, in July and August; to make such arrangements for freight rates as we deem just and equitable; also make a better rate with the operators of the mine, and put in ten, fifteen or twenty thousand dollars worth of coal; then when these storms come on, stop shipping, and the road will stop operating. Last winter they opened that road at great expense twice; it immediately filled up again and we could not get the coal; we have more force this winter than we have had; enough thus far to supply the demand, but an additional snow storm would block it up. I don't imagine that the rates on Colorado roads effect Denver and Colorado so much as the rates coming in from the East.

Q. The purpose of our inquiry is to get the facts; we get them we have the the facts to use; on a large class of business we have been able to get facts with regard to ship-

ments from the East and which bear on this whole question of transportation.

A. I am ready to answer any question.

Q. (By O'Driscoll.) Is there any discrimination in shipping west over these roads affecting you?

A. We are not this winter making any shipments outside the city of Denver, simply running the local trade, acting as local trade for Denver; the outside shipments are made by the Colorado Fuel Company who are operating the mine.

Q. Where is this mine located?

A. Crested Butte, Gunnison County.

Q. Do you ship from there by the way of Cañon City?

A. The coal comes through Salida, Cañon City and Pueblo, points on the Denver and Rio Grande.

Q. Did you ship on this west line last winter?

A. A few car loads.

Q. Was there any discrimination then?

A. As I said before we could only ship to parties who would make their own freight arrangements.

Q. Could not you get rates?

A. No, sir.

Q. Would not they give you any rates?

A. They gave ten dollars a ton.

Q. Where?

A. Cheyenne, Greeley and Black Hawk.

Q. What is your coal worth?

A. Here eight dollars and one-half a ton.

Q. (By Hinman.) What was soft coal worth at that time?

A. I don't know; the rate was three dollars and one-half for that coal.

Q. Worth any more to haul your coal than soft coal?

A. No, sir.

Q. They did make a large discrimination between soft and hard coal, did they not?

A. Yes, sir.

Q. You don't know of any reason for making that discrimination, do you?

A. I don't know of any reason but the one Mr. Vining gave at the time, that it was against the policy of the Union Pacific to encourage any business coming off the

Denver and Rio Grande; under the present management the Union Pacific then restored that old rate.

Q. How long since?

A. I think within the last six months.

W. S. Taylor, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business?

A. General Traffic Agent of the Denver & New Orleans Railroad.

Q. How long have you been in that business?

A. Been connected with that company a little over three years.

Q. Can you tell us anything in regard to railroad freights on coal?

A. Yes, sir, I think so. I hold in my hand a letter from Halsted, Kansas, a place four hundred and seventeen miles east of Pueblo, asking what we could furnish coal for. I went to the Santa Fe office to find out; the rate they offered and the only rate was ten dollars per ton, and they refused to allow any of their cars to be run within forty miles of our railroad; we would have to ship to Pueblo and transfer to their cars; this would make the price of coal delivered at Halsted thirteen dollars; about six weeks ago I had another experience; getting a similar inquiry from a place in Kansas about three hundred miles from Pueblo, I sent to the Santa Fe people to get the rate; it was four dollars and seventy-five cents; I quoted this rate and received an order to forward a car, and if satisfactory they would take a large amount; the moment the Santa Fe people found it out they withdrew or attempted to withdraw the rate, and gave me a rate of about nine dollars; that car was run to Pueblo on one of our cars; they refused to receive our car. About two weeks they refused to remove it with prepaying the freight. It lay there two, three or four days. At that time their miners were out on a strike and there was no coal they could get. I knew the C. C. & I. people run out of work. There was no coal to be had except what was brought in from the Missouri River. Halsted is one of the pool points. We have to go to the additional expense of transferring from one car to another if it comes from our road. On the B. &

M. road, two years ago, we worked up a large trade. They gave us a rate of three dollars to the end of winter. The Colorado Fuel Company came into existence and the B. & M. immediately raised the price to five dollars.

Q. That was a prohibition tariff, was it?

A. Yes, sir.

Q. Do you know anything about the Union Pacific railroad?

A. No, sir, I don't. We have had no experience with them. Most of our business is here or on the line of our rail. Have had inquiries on the Santa Fe road from other points, but could not do anything; the tariff was entirely prohibitory.

Q. Any experience in any other direction?

A. Our road is on the black list, you may say; that they conspire against us. Any freight that comes in our cars—that comes from the East from the Burlington and Union Pacific we don't get at all; they absolutely refuse to give it to us. A merchant gives an order to deliver their freight to us; they arrange it so it is billed at Kansas City through to Denver. We bring freight from Pueblo to Denver for nothing—we absolutely get nothing for it. The Union Pacific and the Burlington absolutely refuse to give it to us. Last spring I tried to get some freight—a car load of corn which was destined to a local point on our road; was billed from Nebraska on the Union Pacific in our car at Denver. I made a personal demand on the agent for it. He refused to give it to me. He told me he would let me know, if possible, when it came; but he neglected to do it and the car got through without my knowing it; the car was in his possession, though he said it was not; the freight went on to Colorado Springs; we replevied the freight; the D. & R. G. took a forthcoming bond; we have not got it yet; our company, in order to make their contract good, bought another carload and gave it to the party; we had the same experience at Pueblo; we can't get our property by suit; we are carrying passengers over our road every day for nothing; these pool roads refuse to take our tickets; if we sell tickets from Pueblo to New York we have got to buy a local ticket; we have dealings with every road in the United States except these pool roads; we have carried a great many thousand passengers for nothing; the C. B. & Q. will do business east of the River with us but

the B. & M. won't; when it comes to freight the people on our road are suffering individually; we could not get our goods by replevin; there didn't seem to be anything left for us; if freight is offered us we take it, but we have to handle it for nothing; the Union Pacific will switch our cars on their track to another point, but at Pueblo the Santa Fe refuses to take our cars anywhere; I am to-day hauling coal at Pueblo to the smelter there, the Santa Fe, with broad gauge tracks from the end of our road to the smelter, refuses to haul it; we have to haul it two miles by wagons. Last summer a gentleman wanted a carload of coal and they switched our car onto his track; this track was a private track, he only had it put in for his own convenience; he allowed it to go in; the moment the Santa Fe agent found it out he told him if he allowed another he would tear the track out. Other smelters on the South side know we can't get a car under any circumstances; they refuse absolutely to switch our cars under any circumstances. Three months ago we tried to make a carload of coal, the car got to the Junction at Pueblo, and they refused to haul it half a mile over their track; they are determined to stop anything they can, and exercise all ingenuity that can possibly be used to prevent our delivering coal or anything else, it don't make any difference what.

Q. * Do you know any facts in regard to the freight rates of railroad companies which affect the industries of Colorado in matters of which you have not testified?

A. The freight from Denver to New Mexico is more than from Kansas City. It will average forty per cent. on goods manufactured in this State. With the exception of Cheyenne and Larimer west, there is not very much trade except long distances. The rate to-day is uniformly more than if it went through direct; there is this difference which the railroad companies have made against the manufacturers of Colorado.

Q. Is that shown in their published tariff sheet or some private instruction?

A. It is not in their published tariff sheet, but gotten up in a hectograph form and distributed among a few.

Q. Have you got any of these?

A. I don't know. I think we have had.

Q. You showed me one the other day. Is that one?

(Showing witness hectograph tariff sheet marked Exhibit No. 4.)

A. That is one. This gives special rate number eight and nine, dated January 1st, 1882. It applies only on goods shipped in from jobbing houses. This is that rate from Pueblo south.

Q. Can you tell by reading, generally what the rate would be on Colorado manufactures by comparison with another tariff sheet?

A. I will have to compare them.

Q. Give illustrations what on the home manufacture and what on the goods shipped in. State the article and the rate on each.

A. For instance, first class freight. Furniture from Pueblo to Albuquerque, if manufactured in the East, would be one dollar forty-five cents; if manufactured here two dollars and fifteen cents. Fourth class, manufactured East, one dollar fifteen cents; manufactured here, one dollar forty-seven cents. Socorro, first class, manufactured here, two dollars fifty cents; Eastern manufacture, one dollar sixty-five cents. Fourth class freight from here, one dollar seventy cents; Eastern manufacture, one dollar thirty-five. Deming, first class from here, three dollars twenty cents; Eastern, two dollars fifteen. Fourth class from here, two dollars twelve cents; Eastern manufacture, one dollar seventy-five cents. That is about the way the thing runs to all points.

(The other tariff sheet examined by witness and compared with hectograph copy, Exhibit No. 4, marked Exhibit No. 5.)

Q. These are shipments from Pueblo to these points?

A. Yes, sir.

Q. What would it be from Denver?

A. To Denver the local rate would be added; this is the Santa Fe tariff.

Q. Can you tell us what the freight would be on iron manufactured here from Pueblo to Sorroco, if manufactured in Colorado?

A. Yes; that mostly would go under the head of fourth class—one dollar and seventy cents; outside of Colorado, one dollar and thirty cents; a difference of thirty-five cents a hundred pounds.

Q. Is that the rate on nails?

A. That is the case on nails in less than car-load lots; car-load lots, one dollar and sixty from here; from the East, one dollar fifteen; forty-five cents' difference.

Q. Can you give us any further information on any other points that we have not especially inquired about?

A. No; only in a general way. The tariff is strongly marked if shipped to Denver, and from Denver out to Arizona and New Mexico the tariff is very nearly as much, and in some instances more, than from Kansas City, six or seven hundred miles further—usually from sixty to seventy-five per cent. more; the same rates apply, in a large measure, from Omaha; a great deal of that freight comes through Denver.

Q. (By Stirman). This manufacture of nails is by the Colorado Coal and Iron Company?

A. Yes, sir.

Q. These freights are in the interest of that company?

A. Unless they have some special tariff, it is against their interest, most emphatically.

Isaac Brinker, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business, Mr. Brinker?

A. Not in any business; have been out of business—active business—for four years.

Q. What was your business previously?

A. Wholesale grocer for fourteen or fifteen years.

Q. You have heard the statement of the object of this investigation here?

A. I believe so; yes, sir.

Q. Have you any information that you can give us that bears on the question that we have under consideration?

A. I don't know that I have anything recent; of course when I was in business my freight business was very heavy—from fifteen to thirty thousand a month.

Q. Who are your successors?

A. Struby, Estabrook & Co.; I have not had anything of any importance, only when I was in the Council I observed that there were some bids for bridges—iron

bridges; I found that our men could not touch one at all; the freight on material was just like any other freight on groceries, but on the bridges built it was reduced to a nominal figure, completely cutting out the building of bridges here; all bridges come from somewhere else; we can't build bridges in Denver; I have not had anything to do with the railroads to amount to anything that would give me any information; I have no special information to give that would bear directly on this case.

Q. Do you know anything about the matter of rebates practiced by railroad companies, by which some merchants are able to get freights lower than the published tariff rates?

A. I don't know; when in business there were some pretty heavy rebates; I generally shipped by the B. & M. and the Atchison; Topeka & Santa Fe; I was forced to ship by the latter from here to New Mexico; I had finally to turn in with Dodge and make terms with him; made arrangements with him that he should do all my business; I had a traveling man in New Mexico who traveled with one of his agents; they furnished a man and wagon or buggy; when he quit business that business stopped too; the new management was not willing to go into that kind of an arrangement.

Q. What was the arrangement?

A. They would help me to get goods into the lower country if I would ship over their roads; they would aid me in every way they could. I furnished the road with goods, furnished them with twenty, thirty, forty thousand a month sometimes; I sold them their goods; frequently they owed me very large bills.

Q. Give an illustration as to how that would work?

A. It enabled me to sell a great many goods; the profit was not so much as getting rebates from the River by other parties, which liked to broke me up; Brown Brothers got rebates, by which they could get about one-third off; I sold pretty near as much as they did, but could not make anything.

Q. Were you able to get this rebate?

A. No, sir; not on the Kansas Pacific.

Q. On the other roads?

A. No, sir; I only got a chance to go into the lower country; never had rebates from the East, except one car

rebates

load of goods over the Union Pacific; I made a contract for a hundred car loads of goods, paid fourteen or fifteen hundred dollars on freight; they owe me twenty-seven hundred dollars on that now. That is the only rebate I ever got from the other way, except what everybody else gets; Brown Brothers had the whole thing; nobody else could get any business and make anything; Roberts sold a good many goods, finally found he could not get nails as low as they could; Brown could sell him nails less than he could lay them down here; they declared they sold as low as anybody else to him; Brown said, "I will furnish you nails, I buy them at the same place you do." He didn't find out till after awhile that Brown got fifty or forty cents on every keg of nails; of course, he could sell them to him. Sometimes I bought my nails here, and sometimes got them the best way I could. I was on good terms with the railroads; could not afford to quarrel with them. Martin fights them, and always will fight them. I had a car load of apples go around on the Atchison, Topeka, that got ditched somewhere, and I never could find out where; it rained on them; they got in the mud and dirt; I never could locate the place where that car load was mashed up; never could get the money—two hundred dollars—although their agents acknowledged that it was all right; I could not make out a clean case, they had it all covered up. These transactions are so far back that they don't bear just now; they do everything to make the most money they can; they don't care for Denver or anything; if they can make more money by shipping somewhere else than Denver they will do it.

Q. Anything else, Mr. Brinker?

A. No, sir; I think not; I don't know whether these large grocery men get any rebates now or not.

Q. (By Mr. Stirman.) Did you do any shipping from California through?

A. Yes, sir.

Q. Make statements about that?

A. I had to do this; I used to purchase syrups in California; sometimes had to ship these goods to the River and ship them back in order to get a lower rate of freight; not a great while ago Londoner had some sugar from California, run it out to the round house and shipped it in; don't know whether you would get it from Londoner

or anybody else; he tried to buy sugar from speculators here; they would not sell to him; he goes to work and telegraphs to send ten car loads of sugar and he will pay cash for it; they ship that through to the River for one dollar, while to Denver it was one dollar fifty or one dollar and fifty-five; he was retailing sugar by the single sack at a less price than Morey and Brown could buy it by the car load; if he had sold his sugar at about what it cost the others it would not have got out for some time; the sugar market is disorganized; now you can get fourteen pounds for a dollar; I don't go around the grocers to amount to much now; once in a week or two.

The Committee on Railroad Investigation met at room 4, Barclay block, January 29, 1885, pursuant to a call of the Chairman.

Present—Gilmore, Chairman; O'Driscoll, Rollins and Stirman, associate members of the Committee, and the following testimony was taken:

J. H. Caldwell being duly sworn, testified as follows:

Q. What is your name?

A. J. H. Caldwell.

Q. Where do you reside?

A. Titusville, Pennsylvania.

Q. Have you any business connections in this State?

A. Yes, sir.

Q. What are they?

A. Producing coal in Fremont County, Colorado.

Q. What coal mine are you interested in?

A. Now known as the Caldwell mine.

Q. The object of this investigation, Mr. Caldwell, is to ascertain the truth of statements that have been made to the effect that railroad companies having their lines terminating in this State have been accustomed to so regulate their freight tariffs as to discriminate against various industries of this State. We have sent for you to learn if you have any information that you can give on this point. If you have you can give it in your own way and we won't ask any questions, except when necessary to make your statements clear.

A. About the first of the year 1884 I became interested with M. A. McDonald, now deceased, and G. C. Norris, in a refusal to purchase certain coal lands in Fremont County, Colorado. In addition to the land was a memorandum of contract with the D. & R. G. railroad that the coal was to be worked in co-operation with the railroad by which we were to grade the road to the mine, the railroad to tie and rail, and after the cost of mining and transportation was deducted the margin of profit was to be divided between the railroad and coal companies. About the last of April, 1884, we were ready to mine and ship coal, but on account of strikes the progress of developments was retarded. During the month of June while developing, the average daily product of coal while working was twenty-seven tons; July, seventy-seven tons, and August a hundred and seven tons. During the latter part of June Mr. Willard, of Willard & Sanderlin called at the office, with whom we made arrangements for them to handle our coal at Leadville, and the following week shipped two cars of coal. I was notified that they would not receive the coal that went to Leadville; called at Mr. Simonton's office and was informed by his clerk that he wanted some arrangement made in case of a cut; afterwards made arrangements with the Pittsburg Coal Company to sell in Leadville; the next shipment to them was July 14th, and up to the strike in August we shipped them seventy-eight cars of coal; after a short time of shipping the freight was raised fifty cents a ton to the time of the strike; the day after the strike in August by the miners the railroad agent at Coal Creek showed me an order which was as follows:

"By order of Receiver, you will not furnish any more empty coal cars to the Caldwell Coal Company or the Pittsburg Company at Coal Creek until further notice.

[Signed]

"W. W. B."

The dispatch was from Pueblo to the agent, M. C. I think M. C. is the railroad agent; the heading is Denver and Rio Grande railway. After coming to Denver, if my memory serves me right, I sent the following dispatch:

"How many empty cars can we have to fill for our agents?"

To that dispatch I received the following reply, dated—

Q. To whom did you send that dispatch?

A. To Mr. Sweeny, railroad agent, Coal Creek.

"I have instruction from Receiver to not furnish you any more empty cars until further notice.

[Signed] "J. K. SWEENEY."

J. K. Sweeny is also telegraph operator. I then asked him:

"*J. K. Sweeny, Train Dispatcher at Coal Creek, Colorado:*

"Are there any empties at Coal Creek, or have they been removed?"

To which he replies August 25th, 1884:

"There are empty cars yet, but have instructions to remove them.

[Signed] "J. K. S."

On August 25th, 1884, Mr. Sweeny, the agent at Coal Creek, sends the following line, addressed to J. H. Caldwell, Denver, Colorado:

"Dear Sir:—Referring to your telegrams of yesterday. in compliance with my instructions, all the cars at Canfield mine have been placed where they can't be loaded at Canfield mine.

[Signed] "J. K. SWEENEY."

Q. Is the Caldwell and the Canfield mines the same thing?

A. Yes, sir; the Canfield mine was opened several years ago; when we took possession we changed it to the Caldwell mine, but many persons still call it the Canfield mine. After some days I wrote to Receiver Jackson, asking him to give me some reason for his order for not furnishing us any more cars, to which Mr. Jackson replied on September 20, from Denver, Colorado:

"DENVER, COLORADO, September 20, 1884.

"*J. H. Caldwell, President, etc., Titusville, Pa.:*

"Dear Sir: I have showed your inquiry of September 15th to the Superintendent of this road. I know of no order having been shown not to furnish your company cars, though I do know reasons why we should not feel at all friendly towards your people.

"Very truly yours,

"W. S. JACKSON, Receiver."

I then wrote him that, as he knew of no such order, some one must have misrepresented us to him; would call

on him the first opportunity. On October 27th I met Mr. Jackson, the Receiver, at his office in Denver. Mr. Jackson asked me if I came to discuss the coal question. I replied to him I did. After receiving his letter stating that he knew of no such order as my letter stated, I thought that nothing was necessary, Mr. Jackson said: "Our Leadville agents gave him trouble, that the freights were raised to Leadville for the reason that our agents took contracts for less than market price; that the railroad could not permit competing parties along their road to cut prices and destroy the coal trade; that the Union Pacific, in order to sustain prices, had put rates of freight so high as to prevent other parties from mining, and to mine their own coal themselves. He thought the interest of their road was for one party to handle and sell the coal; he didn't seem to know that any cut had been made in Denver. I argued with him that two companies should solicit trade; I asked Mr. Jackson if he would rescind his order for Mr. Taggart's yard. Mr. Taggart was our agent, selling our coal at this place, and he reported to us that he got notice to give up his yard, that as soon as the miners would go to work we expected to ship coal to Denver; he replied that we would not need it as we could sell all our coal at Pueblo; I told Mr. Jackson that we expected to have to ship to Denver, and that Mr. Taggart had a trade where other coals would take its place, to which he replied that he wanted the yard active; I then asked him if our coal would be shipped; he replied that it would, but some arrangements must be made so cuts would not occur; I replied that I didn't wish to engage in the business unless something could be made out of it; I told Mr. Jackson that the understanding was that the coal interest was to be made mutual with the railroad, that I entered into it earnestly, settled the Government claim on the property and spent a large amount of money and had a capacity to mine about one hundred and fifty tons daily. On Monday, January 5, 1885, I notified the agent at Coal Creek that we would be ready to ship coal the next day, and asked him for eight or ten empty cars; in the evening of the fifth I got a line through the postoffice as follows:

"COAL CREEK, COLORADO.

"*Mr. J. H. Caldwell, City:*

"Replying to your order for eight or ten empty coal

cars, the Superintendent informs me they are very hard pressed for cars for the El Moro and Walsenburg mines, and will be for some time, and cannot possibly spare any cars now for your mine.

"Very Respectfully,

"J. K. SWEENEY, *Agent.*"

The next morning an empty car which was standing at our chute was taken away, and the miners with it went to Florence, a station close by at which empties are left for the Coal Creek mines, and after returning reported that they found sixty-two empty cars. I came to Denver, called on Mr. Jackson and told him our pit cars were loaded on the chute, and we waited on cars; he replied that cars were scarce, but he told the Superintendent that he would have to give us cars, but some arrangement must be made to not destroy the coal business after learning that Danforth would be up that evening.

Q. Who is Mr. Danforth?

A. He is manager of the Colorado Coal and Iron Company—he would like to have us come and agree about prices—the Receiver said this—called the next morning, he replied that Mr. Danforth did not come up, he would give us cars, but didn't want to ship to Leadville; I replied that if prices were sustained I thought I could find sale for our output without going to Leadville; among our first shipments were two cars to Denver, when the price for Cañon coal was dropped fifty cents per ton; came to Denver and called the next morning with Mr. Howard on Mr. Jackson; that was January 17th; told Mr. Jackson that from the inquiries that I made this morning I was satisfied that the price for Cañon coal was made, not on account of supply, but that it was a direct cut on me; he replied that he knew it, and that if our coal had not come here the cut would not have been made; I then replied to him, under the circumstances, I thought it not right that the road should restrain me from the Leadville market where the C. C. & I. could get large profits on coal and that they could well lose on coal here when they were getting such large profits at Leadville; he replied that the C. C. & I. Company had a contract with the railroad by which the railroad should be in honor bound to recognize, and that I was there not by any right and would not be if Lovejoy had done that

which he agreed to in New York, but he found me there and wanted me to do business, but didn't want me to ship to Leadville; Mr. Howard asked him—Mr. Jackson—while the C. C. & I. coal had a contract, so had I, that we had a contract also with the railroad, he replied, yes, but Lovejoy had no right to give us one; Mr. Grossmeyer who purchased two cars of coal from us last summer asked me how it came that from our mine he had to pay a dollar a ton for coal while the coal he got from the C. C. & I. Company he only paid two dollars for the car load, the distance from our mine and theirs to the point where he was wanting the coal was about the same; the place that he wanted the coal was below Florence; here is our mine (Witness pointing to a map) and this their mine.

Q. Had to pay at the rate of ten dollars a car for yours and two dollars for the C. C. & I. coal?

A. A car load will average twelve tons; last summer in shipping powder from Pueblo to our mine I found that by hauling with a team, in addition to paying the team from Pueblo, I could save from eight to ten cents per keg; a few days ago I received twenty-five kegs from Denver, the freight of which was nine dollars and ten cents; while signing the receipt in the receipt book there, I seen where the C. C. & I had fifty kegs of powder shipped from Pueblo and the charge for it was seventy-two cents.

Q. How much did you pay?

A. From Denver we paid nine dollars and ten cents for twenty-five kegs.

Q. They paid seventy-two cents for the entire fifty kegs?

A. Yes, sir.

Q. Anything further?

A. No.

Q. You said something in regard to a conversation that was had between you and Mr. Jackson, in which he spoke of your agents at Leadville cut the price on coal; do you know, as a matter of fact, whether your agents did lower the price on coal or not, to the disadvantage of the market?

A. My impression is this: That from threats that Harvey made—the agent of the C. C. & I. Co.—our agents felt, in order to secure contracts, that they might have taken some contracts for less than what Harvey was selling

for, but higher than the threatened reduction made by Harvey.

Q. Did Mr. Harvey lower the price of his coal?

A. I so understand that he did.

Q. Below the price that your agent sold for?

A. It was so reported to me.

Q. Were you able for the time that you solicited cars, have you been able since that time to procure any cars to ship your coal to Leadville?

A. I have made no consignments to Leadville since the miners quit work.

Q. What is the reason?

A. We have not tried to solicit there for the reason that the management of the road requested us not to do so when cars were promised us.

Q. Did you withdraw your coal from Leadville in order to please the management of the road?

A. It may be like a man with a pistol asking for your pocketbook or your life.

Q. Well, explain the matter so we can get at the facts. Is it a fact that you are able to send your coal to Leadville or not—what are the facts at the present time?

A. I would say not and get along peaceably with the road.

Q. What disadvantage to you would it prove from your sending your coal to Leadville?

A. Parties who was handling our coal reports to me that they could sell a hundred tons daily of our coal.

Q. Would not you sell your coal at a profit provided it could be hauled at the same price that the C. C. and I. coal get their coal hauled for?

A. They stated to me that they could buy my coal of me; that they would give me fifty cents margin on each ton.

Q. Are you able to sell all the coal you want to as it is, in other places at a profit?

A. We have not as yet made trade for all that we can mine.

Q. What disadvantage to you do you apprehend or not would occur to you if you sold your coal at Leadville; if you could sell a hundred tons a day that would be fifty dollars profit. Why is it that you withhold that fifty dollars profit from your own pocket?

A. For fear that the cars will be withheld from us from shipping in here.

Q. What is the ground of fear—why is it that you apprehend any difficulty in getting the cars?

A. For the reason that we were ready to mine several days before cars were given us.

Q. Was there any condition imposed on you when the cars did come as to where you were to send your coal, as a condition precedent to your having cars?

A. They would give us cars, but wanted us to keep out of Leadville.

Q. Was that a mere request or condition; did you understand that was a condition?

A. From the words used I could not imply the term condition. My object is to try and get along peaceably if I can.

Q. Have you made any effort since the beginning of the present year to get any cars to ship coal to Leadville?

A. No, sir.

Q. Do you know whether you could have cars or not, if you wanted them?

A. No, sir, I don't know.

Q. You said something about Mr. Taggart vacating a certain yard; what yard was that?

A. It was a yard that he leased from the Denver & Rio Grande road.

Q. What Mr. Taggart was that?

A. E. R. Taggart, now handling the Fox coal.

Q. He was then your agent?

A. Yes, sir.

Q. What was the result of that request or notice in regard to his vacating that Rio Grande yard?

A. He vacated it, as I understand; Mr. Jackson paid him the money paid out by him in improving the yard—putting on the buildings.

Q. Did Mr. Taggart voluntarily vacate the yard, as the result of some negotiations?

A. I understand that he did not voluntarily; he came to us, to Mr. Norris, as I understand, and asked him whether there was not some way in which he could retain his yard; I understood Mr. Norris to say, after looking at his lease,

that, after sixty days' notice, if the railroad so requested, he had to give up his yard.

Q. So he vacated before the sixty days in order to save the price of his improvements?

A. That is my understanding.

Q. Did that close out your opportunity to sell coal in this market?

A. Yes, sir, at the time.

Q. What effect has it had since?

A. After the miners were ready to resume work I made arrangements with Mr. Howard, the transfer agent, to handle our coal.

Q. Is he now handling your coal?

A. Yes, sir.

Q. Are there any difficulties in the way, so far as the railroad companies are concerned, to your handling coal here now?

A. No, sir, I know of none now.

Q. And, so far as railroad companies are concerned, you can handle coal at any other place except Leadville?

A. So far as I know.

Q. On the same terms that other companies handle coal from the vicinity, as far as you know?

A. So far as I have means of knowing.

Q. I don't understand your answer?

A. I am told that my rates to those points are the same as to the agents of the C. C. and I. Company, and I don't know anything to the contrary.

Q. Have you any other matters of information that you can give us at this time on these questions of inquiry that we have before us? State whether you have had any conversation with Mr. Jackson, the Receiver of the Rio Grande company, within the past few days, with regard to making a contract with him for shipment of your coal, in which he refused to make any contract with you in reference to other points than Leadville?

A. Yes, sir; a memorandum of an agreement drew up, and in that memorandum it recites that I should have the same facilities as any other company; he said that he could not sign that.

Q. Could not sign an agreement in which you were to have the same facilities as other companies?

A. He said that in order to keep them alive at Pueblo

he had to give them a lower rate of freight for their works.

Q. The iron works at Pueblo?

A. Yes, sir.

Q. Did that have reference to the general market at Pueblo?

A. I think not.

Q. Are there other points in which he said he would not give you the same rates?

A. He did not mention any other points.

Q. I will ask you whether the condition of that contract—there was a condition that you should keep out of Leadville—whether you did not come here at the request of Mr. Jackson to sign that contract?

A. The condition of the contract was to keep out of Leadville, but I came here not at the request of Mr. Jackson, the Receiver.

(Mr. O'Driscoll suggests that as there is a good deal of hesitancy on the part of the witness in answering questions which may be occasioned by fear of the railroads, that he might answer with more freedom if some of those in the room were excluded.)

Q. Does the presence of any other parties than the members of the Committee make any difference to you as to your replies?

A. No, sir; it is hard to tell what might be the result of investigations in the position that I am placed in; there seems to be in the atmosphere in all sections that we, as a coal company are at the dictation and mercy of the railroad companies.

Q. The object of our inquiry is to ascertain the facts whether any of the industries in this State are being injured by discriminations on the part of railroad companies against these industries by reason of the freight tariffs they establish, or by reason of any other questions.

A. In interesting myself in this property, I knew at the time its dimensions was more than I could handle myself, but felt that the prospect presented by the coal, and facilities for transportation, that I would have no obstacle in getting parties to join me in purchasing this property; the order for not getting the cars was an obstacle, and I believe I would have been successful in placing the property had the memorandum for contracts between the property and railroad been carried out by the railroad.

Q. What memorandum do you refer to?

A. The one made by Mr. Lovejoy.

Q. That contract provided that your company should pay certain freights and after that divide the profits?

A. We were to grade the track up to the mine, the road to tie and rail, mine the coal at cost, the coal to be carried at cost, and divide the profits.

Q. (By Mr. Rollins.) Have you any reason to apprehend now, that in case you should resume shipments of coal to Leadville, and open a yard there in competition with Mr. Harvey's coal yard, that shipments of coal to other points would, by reason of that, be interfered with?

A. Judging the future by the past, I think they would be.

Q. (By Mr. O'Driscoll.) I understand you to say that in your original agreement with Mr. Lovejoy you were willing to divide the profits over and above the costs?

A. The contract was that the coal mine was to be worked in co-operation with the railroad; the coal to be mined at cost and the transportation at cost, and the profits divided equally between the railroad company and the coal mine.

Q. Do you know any reason why they would not agree to that; did they want all the profits?

A. It seems to me that they don't want me there at all.

Q. If you give them all the profits, would that be satisfactory, judging from your conversation with the parties?

A. From my interview with Mr. Danforth was this: That this field is not large enough for both companies.

On motion of Mr. Rollins the Committee adjourned, subject to the call of the Chairman.

The Committee on Railroad Investigation met at room 4, Barclay block, at three o'clock P. M., Saturday, January 31, 1885, pursuant to a call of the Chairman.

Present—Gilmore, Chairman; Rollins, O'Driscoll and Stirman, associate members of the committee, and the following testimony was taken:

J. O. Bosworth being recalled, testified as follows:

Q. (By Judge Gilmore). Are you the same Mr. Bosworth that was a witness here some time ago?

A. Yes, sir.

Q. We want to make some inquiries of you as to whether you had anything to do about establishing powder works here?

A. I did; was Secretary of the Company and Superintendent of the works.

Q. How long were these works continued?

A. About six months.

Q. Why were they discontinued?

A. Because they could not make any money.

Q. Do you know any reason, so far as the railroad companies are concerned, why they could not make any money?

A. No, not positively; it was our supposition that the other companies were receiving a rebate because they sold powder for less than cost. I could not say positively; I think it was a fact. It was laid down here so they sold it for less than it cost them to lay it down.

Q. How much does it cost them to lay it down?

A. From two to two and one-half cents a pound.

Q. You afterwards sold out your works?

A. Yes, sir.

Q. Who to?

A. To an Eastern company. Mr. Harris is the man representing it. It was understood it was the Eastern combination on powder.

Q. Was there anything connected with this selling out which indicated that a special effort had been made to break down your works?

A. I don't think there was.

Q. Do you recollect any facts in regard to the cost of shipping your powder out of here?

A. It was double first class freight, all local tariff. The only advantage that I know anything about would be in through rates from the East to different points in Colorado. It would be very near the same as to Denver; it was less than local rates to Leadville, the same to Pueblo, the same to Colorado Springs, Golden and Boulder. The through rate from the East to these places was the same as to Denver.

Q. So that a person purchasing powder at any of these points could lay it down as cheaply as here if he bought it at the same price?

A. Yes, sir.

Charles A. Roberts, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. Charles A.

Q. What is your business?

A. Hardware.

Q. In what place?

A. On this street.

Q. In Denver?

A. Yes, sir.

Q. How long have you been engaged in the hardware business in this city?

A. Since 1868.

Q. I will state the object of this inquiry: It is to learn the truth of statements that have gained currency that railroad companies having their lines terminating in this State have been accustomed to so regulate their freight tariffs so as to discriminate against various industries of this State; we have sent for you to learn what you could tell us on that matter; I will ask you the question generally whether you can give us any information on that matter that may occur to you?

A. I am not directly connected with any manufactory of any kind; there is very little hardware made in this country; everything that I buy is brought in, with the exception of tinware, which is not weighty but bulky goods; I have no knowledge of an attempt of railroad companies to suppress anything of that kind; I could not say anything about any other industries, because I know nothing about it; I only know about my own tinware and articles of that kind, on which the freight rate is so high it enables these small concerns to compete with the East; we have also liability to damage, which influences people to give home manufactories the preference; there is no industry outside of nails and iron that I know anything about; I understand they can make iron so cheap that they cannot bring it in here.

Q. It was reported that you had some experience in the matter of nails by reason of preferences in freight that were given to other merchants, by which other merchants were able to sell nails cheaper than you could purchase them or lay them down here?

A. I think that is a mistake; I have never brought nails into the country to any extent, and have always bought my nails here; I buy all my nails here, and have done so for years; I think that I can make more money by doing so than importing them.

Q. Is it true that you could buy nails here cheaper than you could lay them down by sending to the manufacturer in the East?

A. The Pueblo nail works has control of the nail market here; they make nails superior to any that you can get in the East; they keep a little under the price what it would cost to lay them down here.

Q. Have you invariably bought Pueblo nails?

A. Ever since they were made.

Q. How long is that?

A. Two years.

Q. How was it before that manufacture began?

A. I bought all my nails here; I don't know.

Q. Did you occasionally buy in the East?

A. Yes, sir, occasionally; I didn't make it a business sufficient to see whether anybody could lay them down cheaper.

Q. You cannot state whether you were able at one time to purchase here cheaper than you could East?

A. I never purchased in the East to any extent.

George Tritch being duly sworn, testifies as follows:

Q. What is your name?

A. George Tritch.

Q. What is your business?

A. Hardware.

Q. How long have you been engaged in that business here?

A. Twenty-four years and over.

Q. You heard the statement as to the object of this inquiry made to the previous witness?

A. Yes, sir.

Q. Have you any information that you can give this committee touching the matters involved in their inquiry?

A. I don't know; you might ask the questions what you want to know; I could tell better.

Q. Do you know anything about railroad companies sending their freights here and giving merchants of Colorado or any person or persons any discount or rebate from the established and published rate of freight?

A. They would occasionally do that when they had fights on hand; when they were pooled I don't know of any.

Q. You know of no instances except at times when there was no pool?

A. No, I think not.

Q. At what time do you know of rebates given to merchants when there was no pool?

A. I guess five, six or seven years ago, it used to be done very extensively.

Q. Do you know about it being done of late years?

A. Only when they got to quarreling, fighting about freight.

Q. What time was that?

A. I don't know of anything for the past two years; a year or two at least I have not had any.

Q. Personally you have had no rebates for the past two years?

A. I don't know of any; I get other men to attend to that; I have no recollection of getting anything from these plains roads since the pooling arrangement.

Q. Is there anybody in your establishment that would know any more than you do about it?

A. Yes, sir.

Q. What is his name?

A. A. B. Heath.

Q. Could you have him come this afternoon without subpoena?

A. I guess so.

Q. You know of any discriminations being made in rates in shipping goods out from Denver as against the manufacturers of Colorado?

A. No, I don't; the Union Pacific has a rate in the northern part of the State that is fair; the Rio Grande has as far as I know attempted to be fair all over the

State; I don't know as to anything of any discriminations against manufacturers, except the difference between the local and through rates which always exists.

Q. Have you in the past two years shipped any goods south of Pueblo?

A. Yes, sir.

Q. Did you know of the rate east of this by the Atchison, Topeka and Santa Fe Company by which they gave rates for goods manufactured in Colorado, and a lower rate for goods not manufactured in Colorado?

A. Could only answer that as far as the nails are concerned. Nothing else that I handle is manufactured here, except nails and iron.

Q. How was it as to nails?

A. I don't know as they ever gave anything in Colorado a figure that was lower, except they gave a lower rate to the Colorado manufacture. I refer to the Atchison, Topeka & Santa Fe; they lay them down at a cheaper rate than they would import them.

Q. Did you sell Colorado manufacture?

A. Yes, sir; can ship no other they keep from four to five cents a keg under the other. That shuts them out.

Q. Are you jobbing?

A. Yes, sir.

Q. Where is your market?

A. West to Rollins, south to New Mexico.

Q. How does the freight affect you so far as the rates on the Union Pacific Railroad go, and your shipments on the main line as far as Rollins?

A. At present time they don't affect us. They have opened the doors and let us out.

Q. How long is it since that has been done?

A. I guess about six months.

Q. How is it in regard to shipping south of Pueblo?

A. The Rio Grande has a rate for that country down there; same rate as they charge everybody, as I understand it.

Q. How does that affect you, residing at Denver, against merchants who reside South and ship their goods direct?

A. I think they have a through rate from the East to either of these points that is either the same or less than the shipping to Denver and from Denver down again. We

can't compete with shippers on the Atchison, Topeka & Santa Fe road because they can buy in St. Louis and ship cheaper than we can buy and ship down there.

Q. Is it not a fact that goods are laid down—purchased in the East and laid down—at a rate as low as they are laid down in Denver?

A. At what point?

Q. At these points you have mentioned?

A. I guess they ship cheaper to Trinidad; I don't think they receive goods as cheap so far as freight is concerned, at Trinidad, as we do here; they can ship goods to Trinidad cheaper than I can ship to Denver and ship them down there; that would hold good at most places on the Atchison, Topeka & Santa Fe.

S. F. Rouse, being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your full name?

A. S. F. Rouse.

Q. What is your occupation?

A. I am in the employ of the Colorado Fuel Company.

Q. Where do you reside?

A. In Denver.

Q. How long have you been engaged in that company?

A. The company has only been in existence about two years.

Q. Have you been connected with it all that time?

A. Yes, sir.

Q. Have you been connected with the Colorado Coal and Iron Company?

A. No, sir.

Q. Is the Colorado Fuel Company a company that works in co-operation with the Colorado Coal and Iron Company?

A. No, sir.

Q. What kind of fuel do you deal in?

A. We have a lease on a mine at Crested Butte—anthracite coal; the coal is what we ship to different points in this State and other States; we have no mines of our own here.

- Q. Any other business?
- A. Our business aside from the anthracite is entirely outside of this State.
- Q. Where do you find a market for this coal?
- A. In Nebraska.
- Q. Did you say that you didn't ship your coal to this point?
- A. Except the anthracite coal that is sold here.
- Q. Do you sell your anthracite coal anywhere else?
- A. What, than Denver?
- Q. Do you send your coal through Denver?
- A. Do you mean East?
- Q. Yes, sir; East or North.
- A. Yes, sir.
- Q. To what extent?
- A. The output of the mine is not very much.
- Q. I am not desirous of making inquiry as to the amount of your business, but whether it is large or limited?
- A. It is not very much.
- Q. Do you have any difficulty so far as freight is concerned, in shipping the products of your mine East or North of Denver?
- A. No, sir.
- Q. What rates of freight are you able to get for point East of here?
- A. Our coal would not come in competition with any other coal.
- Q. What is the rate of freight that you are able to get on coal shipped East of Denver?
- A. I don't know as I am prepared to tell what our rates are.
- Q. Do you know anything about some coal being shipped in here at one time from the Crested Butte mine, on the Denver and Rio Grande railroad, to a concern in which Mr. Howard—M. W. Howard—is interested in, and that, as soon as it was ascertained that the coal was shipped here, that efforts had been made to ship it East, that the rate was raised from three, or three and one-half, dollars a ton to something like ten dollars a ton?
- A. No; I don't know anything about that; that was before our connection with the company, which was the 25th of last August; this matter occurred a year or so ago; I know nothing about it.

Q. You sell your coal at Leadville?

A. The anthracite?

Q. Yes, sir.

A. Yes, sir.

Q. Have you at any time had any difficulties, by reason of any connection with the railroad companies, which prevented you, or hindered you from selling coal at Leadville?

A. No, sir. I call your attention to the fact, as I said before, that we have no competition whatever; there would be but one rate of freight made.

Q. Did you say you could tell the rate per ton you could ship your coal East?

A. No, sir.

Q. Can you tell the rate per ton that you could ship it North?

A. No, sir. I don't trust to my memory in such things at all.

Q. (By Mr. Rollins.) I understand then, that situated as you are—considering the class of coal that you mine—that there would be no object in discriminating for or against you from the fact that you control the whole business in that line?

A. I don't see any reason why there would be; it is the only breaker in the State; the only place West of Pennsylvania where anthracite coal is ground and sized; the cost of preparing and sizing the coal; breaking it and sizing it places the coal out of the power of competition with soft coals that don't require the same care.

J. S. Brown, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. J. S. Brown.

Q. Where do you reside and what is your business?

A. Denver—wholesale grocer.

Q. How long have you been in the wholesale grocery business here?

A. Twenty-three years.

Q. Member of the firm of what?

A. J. S. Brown & Brother.

Q. The inquiry that we desire to put to you, espec-

ially this afternoon, is concerning the information that you could give us in regard to the rebates that are made by railroad companies in Denver to shippers to this point; what do you know in regard to that?

A. There has not been any for seven or eight years on the roads leading into Denver.

Q. Are there any rebates given by any roads having their termini in this state?

A. I don't know of any that have been general, not for years.

Q. Do you know anything about the difference in freights from the Pacific Coast to Denver as compared to points on the Missouri River?

A. The rates to Denver on fifth class are one dollar forty cents, and the Missouri River rate one dollar.

Q. You are speaking of freight from San Francisco to the Missouri river?

A. Yes, sir.

Q. I had reference to freights from the Missouri river to Denver?

A. Your question was from the Pacific coast to Denver and to the Missouri river.

Q. Yes, sir?

A. I think it is less than here. Mr. Cornforth says that I am right in regard to it.

Q. One dollar forty cents to Denver and one dollar to the Missouri river?

A. Yes, sir.

Q. To illustrate and convey some impression as to what goods are fifth class goods?

A. Sugar, rice, syrups, are called fifth class goods; that is about the cheapest we get.

Q. Can you state on other class of goods?

A. Nearly all the common class are fifth class; canned goods are classed the same with what would be the bulky goods that come from the Pacific coast; we get from there sugar, rice, canned goods and some dried fruits.

Q. Do you know the rate of freight as compared with Missouri river towns, in Denver, from Chicago and New York?

A. The rate from Chicago to the Missouri river on the same class of goods is thirty cents, and to Denver it is one dollar thirty.

Q. Do you know how it is from New York?

A. New York to Chicago—I think it has been about twenty-five; that would be fifty-five to the Missouri River and one dollar fifty-five to Denver.

Q. Do you know as to the freights from the Missouri River points to point where jobbing merchants of this State have their market, or seek to have their market?

A. To Cheyenne I am not positive; I think Cheyenne has a common rate with Denver; still I am not positive, but I think it is the same; Pueblo, I think, is the same, and Trinidad; what they call common points, the rate is the same as to Denver; it may be less to Cheyenne.

Q. Do you know anything about change of rate or rate of classification in freights that affected the soap manufacturers here at any time after the establishment of the soap manufactory in this place by which Eastern soap was introduced much lower than before?

A. I know there was a rumor of that kind. You refer to the factory started four or five years ago?

Q. I don't know; we had a gentleman who gave testimony as to the manufacture of soap, that he commenced the manufacture of soap when the rate was a certain price. After he commenced his manufacture, to enable the Eastern manufactures to compete with him, soap was brought here at a lower rate. He said you could probably give some information.

A. My recollection of it is that it occurred four or five years ago. I know there was rumors to that effect, but the soap we get here, we don't know how much the freight is on it; it is already paid for. I think they will all testify to that fact.

Q. Are you able to state whether, soon after the manufacture of soap here, the freight was reduced?

A. I think a couple of years, or a year or so ago, that the price was quite suddenly lowered. I think perhaps it was, but that occurred four or five years ago, soon after the K. P. folks gave up their shops out at the Junction. I think it must have been five or six years ago.

Q. Can you give us any information in regard to a similar transaction occurring concerning matches, after the match factory was established here?

A. I would say this in regard to the match factory started last summer. There was a general break up in

freights and matches could be brought in for a time cheaper than regular rates.

Q. Do you know about matches being put in as woodenware?

A. I think during the break in rates they could do that.

Q. Is it not a fact that this still continues?

A. I think I know of nothing of that kind. The rate on matches have been first class, but during this break which lasted several months it was down, when there was a rally in their rates.

Q. Do you deal in nails?

A. No, sir; we may have a remnant of stock or a few kegs. We have not dealt in them for a year or two.

Q. How long since you have been dealing in nails?

A. We have not for a couple of years. We bought a couple of car loads from the Colorado Coal and Iron Company.

Q. Not been dealing with them for a couple of years?

A. No, sir.

Q. (By Mr. Stirman). You say you shipped soap in here delivered, freight prepaid?

A. Yes, sir; we buy it delivered; the contract of freight is made by the shipper for us.

Q. Any other goods you buy in that way?

A. No, sir; it is not a general thing.

Q. That is the exception to the rule?

A. There may be other goods we buy delivered—yes it would be the exception.

Q. How long has it been the rule to buy soaps delivered here?

A. I could not tell you—for a good many years—three or four years.

Q. Was that the rule before the manufacture of soap was started here?

A. I don't know; we have had soap manufactured here for a good many years.

Q. You have had no rebate for four or five years?

A. Not from goods running into Denver.

Q. Any in placing goods in Leadville?

A. Don't know that we do, sir.

Birks Cornforth, being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your name?

A. Birks Cornforth.

Q. What is your business, residence, and how long have you been residing here?

A. Groceries and fruit; lived here about twenty-five years.

Q. The object on this inquiry, as far as this Committee is concerned, is to ascertain the truth of statements that have gained currency to the effect that railroad companies have been accustomed to adjust their freight rates so as to discriminate against the industries of this State; by that we mean the manufacturing industries, mercantile, coal, etc. The scope of the Committee has been increased since they were first appointed. What information can you give us on these points, if anything?

A. I don't know as anything is being done at the present time, though some time ago, as Mr. Brown has said, there was, within the last year, there was matches freighted here for a dollar a hundred; other goods were cut at the same time; it was a general cut; it was not only on matches; I expect soaps were reduced at the time, because we pay more than we did then; they were less during the cut of freights.

Q. Looking at it from the standpoint, of a merchant, to obtain your opinion as well as facts, is there any change in the rates of freight, or in the freight business, which would affect the mercantile interests that you know of, of this State, if freights were any different than they are now?

A. If they were lower than they are now it would be to our advantage; we think some of them are higher than they ought to be; they carry to the River for about a fourth of what they do to Denver.

Q. How is it from the Pacific Ocean?

A. They carry to the Missouri River and New York for less than they do here, right through Denver.

Q. Give the price on any particular class of goods?

A. Canned goods, rice, beans, coffee, molasses and all staple goods.

Q. All these included in the fifth class?

A. Yes, sir.

Q. What is the rate to Denver?

A. One dollar fifty to Denver, one dollar to the Missouri River; a dollar or a dollar and one-quarter to New York; they have the same things to compete with to New York. I don't know the reason it is lower to the Missouri River.

Q. What is the classification of fruits?

A. Dried fruits?

Q. Green fruits.

A. It is fourth or fifth class.

Q. The same rate obtains in proportion as it is on other things?

A. Yes, sir; to-day we paid over two cents a pound from 'Frisco to Denver; to the River, New York and Chicago they would deliver for about one cent—I don't know exactly, but about that difference.

Q. The effect is to cut you out from all effort to sell goods East of here?

A. Yes, sir; we can't ship goods to the Missouri River and back again.

Q. You can't ship goods East of here?

A. Except in a small way, down the country, to section houses, where it is nearer to Denver.

Q. Are you wholesaling?

A. Some.

Q. Where is your wholesale market?

A. We sell a little goods to all the towns in Colorado, very nearly.

Q. Are there any competing points in this State where freights are as low or lower than to you?

A. They are the same rate to Golden City; about the same on the Colorado Central between here and Cheyenne; Pueblo is about the same, perhaps five cents under now, it was the same.

Q. How at Colorado Springs?

A. The same as Denver, I think; it may be five cents difference.

Q. How is it to the mountain towns?

A. I don't know much about the freight to the mountain towns, Leadville and other points.

Q. Do you know anything about goods being shipped from the River points so as to pass through Denver and to reach mountain towns in the vicinity of Georgetown, Central or Boulder, so as to avoid the pool rate?

A. I don't know it for a fact, but I suppose where it is not a pool point they can make the rate as they like.

Q. Do you know as to whether that is done or not?

A. We heard of it being done.

Q. You don't know anything about it as a fact?

A. No.

Q. Do you know of goods being shipped to Golden that they have brought down here by teams so as to avoid the pool?

A. I don't know of it; they bring cattle to a few miles from Denver cheaper than to Denver.

Q. Live cattle or beef?

A. Live cattle.

Q. (By Mr. Rollins.) Speaking of the comparative rates from the Pacific coast to Denver—do you refer to car load lots?

A. Yes, sir; nearly all of them staple goods are carried in car loads.

Q. (Mr. Stirman.) I would like to know the reason of this exception made in the purchase of soap, why do you buy that delivered here and everything else deliver yourself?

A. I don't know why, but suppose they sell soap in Denver less than to the river and add the freight.

Q. Does the soap manufacturing establishments seek low rates with the railroad so they can handle the Denver manufacture?

A. It might be to increase their trade.

Q. It has the same effect has it not?

A. It injures the manufacture just the same.

F. F. Struby being duly sworn testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. F. F. Struby.

Q. What is your business?

A. A wholesale grocer.

Q. You reside in Denver?

A. Yes, sir; the firm of Struby, Estabrook & Co.

Q. How long have you been in that business?

A. About four years; a little over.

Q. You have heard the statement in regard to the object of this investigation?

A. Yes, sir.

Q. Can you give any information?

A. I don't know any more, except what has already been illustrated.

Q. You have heard the answers of Mr. Cornforth?

A. Yes, sir. In the soap business the price is made more by the manufacturers themselves, the cause of their selling soap at the same price they do throughout the United States, the whole matter hinges upon the fact that the manufacturers compete with each other, they establish one price.

Q. We have been told that there are merchants in this city who receive rebates; do you know anything about that?

A. I don't know about that; I would like to find them.

Q. You would like to get some?

A. Yes, sir; I would like to get some myself.

Q. Your experience is the same as these other gentlemen, in reference to freight from the Pacific coast?

A. Yes, sir; you have to purchase a certain class of goods in that market, California canned goods you can only buy in California; California sugar we buy both East and West.

Q. Rice comes from the West?

A. Rice could be brought from Louisiana same rate of freight and same cost laid down here.

Q. (By Mr. Rollins.) Do you know what reason is given by the railroad companies for carrying goods to the Missouri River and further East for the same freight?

A. I don't know, unless if they didn't they could be shipped round by the Isthmus.

Q. What are their prices shipped from the East as compared with their prices shipped from the West here?

A. About the same, considering the mileage.

Q. (By Mr. Stirman.) Does not this rate of freight prevent your selling further East?

A. I presume it does; we never attempted to sell any, we know about how far we can go and stop.

Q. You sell North and South and in the mountains?

A. Yes, sir.

Q. Do you know about the freights to Salt Lake, whether they in any way interfere with your business?

A. They don't; I think the rates of freight to the West are higher than to Denver, because there is no competition.

Q. Is the rate the same on any one of the railroads from the West?

A. Yes, sir.

Q. These are in the pool?

A. Yes, sir.

Q. It would not make any difference which route you took?

A. No, Sir.

Wolfe Londoner, being sworn, testified as follows:

Q. (By Judge Gilmore). What is your full name?

A. Wolfe Londoner.

Q. What is your business?

A. Wholesale and retail grocer.

Q. In Denver?

A. Yes, sir.

Q. How long have you been in that business here?

A. A little over twenty-five years.

Q. You have heard the statement as regards the object of this investigation?

A. Yes, sir.

Q. I will ask you in a general way what information you can give us on that, so as to furnish an answer to the inquiry?

A. The whole trouble is in the matter of pooling; if we could break up this matter of pooling, we could get at the root of the evil. There is no competition in the railroad business at present; pooling business is detrimental to the interests of the State, especially in the matter of manufactures; they have managed to crush out home industry; they seem to have made it a rule to want to ship in the manufactured articles; I don't understand why they should do these things—this is simply an opinion. In the matter of soap—you was asking about that; I think the last car of soap I got from Kirk; I saw the freight bill; it was marked prepaid in Chicago; it was one hundred and

sixty-eight dollars; the established rates, I think, would be one dollar thirty-eight a hundred.

Q. How much would that make it?

A. That would make it two hundred and sixty dollars for the car; it was marked on the bill one hundred and sixty-eight dollars, paid to the Rock Island road.

Q. That was soap?

A. Yes, sir. It makes it very lively work for these men that is manufacturing soap here; they made a cut on soap and got it down to four dollars and seventy cents. In the matter of dried fruit; some time ago I wanted to get a car of dried fruit; I got a dispatch; they gave me the rate to Denver; my recollection is that the rate to Denver on that car was one ninety-five or eighty-five; the rate from Salt Lake to Omaha would be one dollar. In regard to sugar, some time ago I was figuring on sugar; my recollection is that they were selling it in San Francisco at six cents; it was five and seven-eighths cash; I made the inquiry for a very large amount of sugar; I telegraphed to the river, and they offered to sell it at St. Joe or Kansas City at six sixty-five on board the cars; now take five eighty-eight in San Francisco and the one forty—it is a shade over that—that would be seven twenty-eight that that sugar would have cost me at the depot here, without any transfer; I could buy that in Kansas City for six sixty-five; these roads are an injury to the wholesale trade of Colorado; it applies exactly the same to canned goods; I claim that we in Denver should be able to sell canned goods, sugars and rice to the small towns in Kansas and Nebraska, and do an immense trade, whereas, as Mr. Struby says, he knows how far to go, and don't pretend to go any further; as far as Trinidad is concerned, I can remember when we did a nice trade at Trinidad; I haven't sold a dollar's worth there for a long time; haven't sold at Colorado Springs for some time; my impression is they have a lower rate at Colorado Springs and Pueblo than Denver; I know they have at Cheyenne and Leadville; parties living at Leadville can ship goods directly through Denver and get the same or less rate than Denver; some time ago they made a rate from Chicago to Salt Lake and in there which hurt the trade of Denver; I had trade at Grand Junction; they quoted the prices they could get them at Salt Lake, and it shut us out entirely; the match rate went down to a dollar a hundred some time

ago from St. Louis; there was two match factories started; I don't know whether it was meant to shut them out or not; previous to that my recollection is it was two dollars and sixty; we were able to ship them as wooden ware at one dollar.

Q. Has that been continued?

A. Continued until about two months ago, when they restored the rate, making it about two dollars sixty.

Q. Some one stated here as a matter of opinion or information, or other testimony, some experiences of yours of a recent date, in regard to the shipment of several car-loads of sugar, by which you were able to ship sugar considerably lower than previously?

A. I think they were a little mistaken in that. The impression they have is that I got a rebate on freight. I simply got a cut rate. I got a good deal of sugar and paid for it in advance; they claim I broke the market. They had a combination to sell sugar at a certain price; I was not in the combination. I sold the sugar seven fifty a hundred, and the sugar cost me seven forty-three at the depot without any hauling.

Q. It was stated that you procured a rate on a large quantity of sugar—several car loads—shipped the same to some Missouri points, I think Kansas City, and then that the railroad companies delivered it to you outside the city. Was it so?

A. I bought ten car loads of sugar at the River; I had it shipped in here; it was delivered to me at the depot and hauled up by the transfer companies. I know nothing about any delivery outside. I simply made some money by buying at the River instead of California. I got special rates to Denver on account of the quantity.

Q. Lower than the pool rate?

A. I don't know that there was any pool rate. While they were bringing in salt cheaper than usual about five or six months ago—I knew the salt before that had been costing us about two ninety-five to three dollars and five cents—the railroad companies offered to deliver it to me for one dollar. I told them I would take sugar instead of salt. Mr. Morey at the time brought twenty-five barrels of salt and made some money. That was cheaper salt than we had had for some years. They had a cut on the Union Pacific and hauled it in at a little over a dollar a barrel.

Q. (By Mr. Rollins.) Is the match manufactory in successful operation here?

A. I believe it is.

Q. At the time you speak of that you could ship matches in at the price of wooden and willow ware do you know what effect it had on the price of matches when they commenced shipping so?

A. I should think it would hurt them very much.

Q. Do you know whether any of them closed business.

A. I don't know.

Q. (By Mr. Stirman.) I would like to ask you—I would like to know whether that sugar was billed to this point or to the river point?

A. I bought it at the River and shipped it back, I didn't have anything to do with this California part of it; I bought at the River of Nave, McCord & Co.; It was San Francisco sugar; it made a difference of several thousand dollars; Spreckles makes the rate on sugar; our rate straight is one dollar forty, we can't get it any less; I think the rate from the River was fifty cents; I believe I got an eighth off; I think that I told him that I sold Morey two cars at six and one-eighth.

Q. What was the rate back from there?

A. One dollar a hundred.

Q. From the River here?

A. That was what they claim.

Q. Then it cost you seven sixty-five here?

A. They didn't charge me full rate; they charged me full rate, but I suppose the way they got around it was there was a little sugar in the car.

Q. Do you know whether that actually went to Kansas City and back again.

A. My impression is, from the time it took to get the sugar, that they must have took it there and brought it back again; they loaded the cars pretty heavy; I know in figuring out my total expense on the sugar it figured out seven fifty-three.

Q. If you could get goods from San Francisco with rates in proportion to the distance, could you then supply the retail trade in the country about here at lower rates than they could get it from the River?

A. We could sell them all; we could sell goods to

Kansas City; we could sell goods to the jobbers; this is a pretty good point for headquarters; it is midway between the oceans; merchants would prosper; as it is it is pretty close nipping for the wholesale trade; my impression is that the merchants in Georgetown get their freights exactly as they do here; they used to buy a good deal in Denver, now they don't.

Q. (By Mr. Stirman.) Is this policy really advantageous to the railroads?

A. In my opinion, I think that they are very foolish, and so express myself to the railroads; I ask them why they do these things; they are killing the goose that lays the golden egg; I want this Legislature should pass a bill that will break up pooling; it is a conspiracy to impoverish the people.

Q. (By Mr. O'Driscoll.) Did you ever get any drawbacks?

A. Yes, sir. The only drawbacks I ever got was when the Union Pacific was running up to Julesburg, some years ago.

Q. Did you have any arrangement about special rates in any freights that you ever shipped from San Francisco to the Missouri River?

A. Don't know as I ever shipped any to the Missouri River; I bought the California sugar at the Missouri River, and shipped it from there here; it went from California to the Missouri River; the man that I bought of may have ordered it on my order; I bought it straight from the firm there; there is special rates made in some way to these points South; Mr. Brown says he don't know of any; all I know is that my trade has been cut off from the South; we don't sell anything to Colorado Springs any more; used to have a good trade there.

Q. Do you know anything about goods being shipped by the Union Pacific into this State by way of Greeley and Boulder up to Georgetown, so as to avoid the pool here?

A. I have heard that such is the fact, but I don't know anything about it; I understand that they get their goods over to Georgetown fully as cheap as they do here, and sometimes at a little less rate.

Edward Gartner being duly sworn, testifies as follows :

Q. (By Judge Gilmore.) What is your name and business ?

A. Edward Gartner, of the firm of Hax, Gartner & Company, furniture dealers.

Q. How long have you been in business here, Mr. Gartner ?

A. Four years.

Q. In the furniture business ?

A. Yes, sir.

Q. I want to ask you in regard to your experience in bringing in manufactured goods here, finished, as compared with goods that are in the rough, or raw material which goes to make up these goods ?

A. I have to say that our manufactured articles are very limited so far; our goods are made out of wood and we have very little wood in this country; we were manufacturing mattresses; have been manufacturing extensively, but had to quit; the rates on the material were one dollar five and were raised to one forty-five, so we are compelled to buy mattresses instead of manufacturing them.

Q. The rate on the raw material is such that you can't manufacture them ?

A. Yes, sir; we can buy mattresses about as cheap as we can bring the raw material.

Q. You would lose your labor if you attempted to manufacture ?

A. Yes, sir.

Q. How would that operate on upholstered goods; can you upholster goods to a profit ?

A. We have been doing it at a fair profit.

Q. What is the rate on upholstered goods delivered here ?

A. The rate on the raw material is the same as on the manufactured article.

Q. Hence, the goods must cost the difference of the manufacture, delivered here ?

A. Yes, sir.

Q. Supposing that you were to buy chairs for instance, in what is called the knock down condition, what is the freight on chairs in the knock down as compared with the freight on the article set up ?

A. It is the same in car load lots; our goods are of such a nature that we get a certain classification on car load lots; we can ship in knock down in first-class rates; if we were to ship chairs already upholstered it would cost three times first class; in that way we have an advantage over smaller dealers; they give us a protection in that way.

Q. Do you buy chamber sets in the rough?

A. We don't—we can't buy them that way.

Q. Why not?

A. We can't get the labor one-tenth as cheap as they can. You take these chair factories, they hire laborers at three dollars a week; I have to pay—the cheapest boy I have is five dollars a week.

Q. I now speak of furniture unfinished. Could you buy furniture all set out for the final finishing?

A. I could not buy it that way. The rate is the same on the dimension stock as on the finished stock.

Q. You would lose all the expense of finishing it?

A. Yes, sir.

Q. If there was a rate put on the finished articles as compared with its actual value, could not you finish it here?

A. I think not, on account of the labor question. The basis of our business is lumber; we have no lumber here—we can't get any lumber here.

Q. What is the reason you can't get any lumber here?

A. On account of the rates. For instance, we have a factory at St. Joseph; the lumber is floated on the Missouri River; everything we save; we save the rough, we sell the sawdust, and everything of that kind. We get Norwegian labor for one dollar a day. I have not got one in my shop for less than two and one-half. Rents are high—everything is high in proportion. As far as being a success to be manufactured here, we will have to control the labor before we can. We manufacture upholstered goods to some extent.

Q. (By Mr. Rollins). They raised your freight on mattress material from one dollar five to one forty-five, so there is no part of your goods that you use in the manufacture of furniture that you make here that you ship from the East?

A. I have been shipping in what we call wool shoddy; it is clipping from cloth. They are now making very nice mattresses from it. We have been shipping that in here for the purpose of making a good honest article. There has been some shoddy made here, collected by the Dagos, that is not steamed. We are now compelled to buy of them, owing to the increased freight.

Q. Is Excelsior made here?

A. Yes, sir; some here and some East.

Q. How does it compare in price?

A. They can purchase it from thirty-five to forty-five per cent. less; we get a better excelsior from the East; it is made of bass wood and is more flexible.

Q. (By Mr. Stirman.) Is there any classification of freight by the railroads that operates against you?

A. We have been doing a comparatively little business; have not made any effort until the past year to do anything in jobbing; we are now making an effort to do jobbing business; we have not known of particular grievances to settle.

Q. How are the rates classified in regard to increase of dimension? For instance, take looking glass?

A. We formerly could get a chamber set, cut a glass and measure it up, would call it so much glass; they have so modified their classification now that we have no difficulty in that respect.

Q. You did have difficulty before that?

A. Yes, sir; I argued that the marble and the furnishing was a part of the furniture; you can't say there is a classification on that billiard cloth and the screw that is in the joint.

Q. If the rates were so adjusted that it would be less on the raw material and then graded and be increased on the goods in the knock-down—increased in that proportion—are there not other things that you might manufacture here?

A. No, sir; I think that the classification is about right; a man that can buy in car load can buy as cheap as I can; I can bring a frame for a parlor chair at first class rates, while a smaller dealer has got to pay three times first class rates so far that chairs, while the local rate is two dollars a hundred from the Missouri River to Denver in

the knock-down, while if they get them set up it is three times first class.

Q. Would not the manufactured article here be superior to the manufactured article in the East?

A. Very much so; it has to be extra steam kiln dried. If we could bring the material here, three months would be as good as drying in the Eastern country. Our principal trouble is with the labor. We may eventually, when we get the New Orleans road through, be able to bring in the material and manufacture here.

Q. If manufactures are increased here would not there be more laborers of that class—would not the price of labor gradually be lowered?

A. Yes, sir; I think so.

Q. There is no inducement for labor to come here in your line of business, is there?

A. There is not.

Q. (By Mr. O'Driscoll). Do you find any discrimination with what you ship out of here manufactured in this town and this which you purchase elsewhere?

A. No, I don't; the classification is the same. I will say, too, that I don't get any rebates.

Robert Marquis, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. Robert Marquis.

Q. Where do you reside?

A. In North Denver.

Q. What is your line of business?

A. Packing canned goods.

Q. What kind of goods do you can?

A. Vegetables, mostly; tomatoes, stringed beans, pumpkins and squash.

Q. Have you heard the statement of the Chairman of the Committee as to the object of this inquiry here?

A. No, sir.

Q. I will state to you that the object is to ascertain the truth of statements to the effect that railroad companies, having their lines terminating in this State, have been accustomed to so regulate their freight tariffs as to discriminate against the industries of this State; we have sent

for you to ascertain what information you can give us on this point?

A. I don't know that they have discriminated against me, inasmuch as I have not packed many goods; I have been in the business four or five years; last season I packed a good deal; I didn't learn of any change in the rates of freight on such goods as I have packed.

Q. It was said to us that you had some experience in selling your goods, to the effect that when you sought to dispose of them to wholesale merchants that they said that if they could buy of you at the same rate that they could purchase the goods in the East, with the freight added, they would take them, and that in figuring the freight that some merchants, after adding the price in the East to the freight and the purchase price, insisted on taking off fifteen per cent. from that rate, and said that they had that discount; did you ever have any experience of that kind?

A. No, sir; the only experience that I had with the merchants was that they figured very close, but nothing like what you speak of; they were careful in buying, that is all.

Q. You are able to sell at the price of canned goods at the Missouri River, with the freight added?

A. Yes, sir.

Q. Nothing discounted on that?

A. Not unless I agreed to it; it was in cases of large sale, and it would be a small discount; they seemed to consider that the price to pay me was the price at the Missouri River, with the freight added.

The Special Committee appointed on railroad investigation met at Room 4, Barclay Block, at three o'clock P. M., February 6th, 1885, pursuant to call of the Chairman.

Present—Gilmore, Chairman; O'Driscoll, Rollins, Hindman and Stirman, associate members of the committee, and the following testimony was taken:

Q. I will state to you that the object is to ascertain the truth of statements to the effect that railroad companies discriminate against the industries of this State; witness: C. S. Burdsall being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business, Mr. Burdsall?

A. I have been practicing medicine some; have also been manufacturing.

Q. What class of manufacture?

A. We have near Morrison soda lakes which we intend to utilize in making glass.

Q. You reside in Denver?

A. Yes, sir.

Q. The object of this investigation, Mr. Burdsall, is to ascertain the truth of the statements that have gained currency to the effect that railroad companies having their lines terminating in this State have been accustomed to regulate their freight tariff so as to discriminate against the manufacturing and other interests of this State. We have called you to see what information you could give us on this point.

A. I have kept a memorandum to refresh my memory. I can give you the facts.

Q. That is what we want.

A. According to the statements made by dealers in glass there has been sold in Denver market during the past ten months ending November first, 1881, glass to the amount of two hundred and eighty-one thousand dollars. I went to the Union Pacific freight office to get the freight from the East. It amounted in ten months to one hundred thousand dollars. After I had talked with them about railroad affairs from Morrison here and about starting glass works, they remarked if the company started glass works that they would put down freight to nothing so as to prevent starting it.

Q. Who was that?

A. I have been trying to recollect the freight man's name, but I cannot.

Q. Where was this?

A. At the Union Depot. Some parties soon after called on me and wanted to lease the property. It contains soda, silica, and the kaolin and everything necessary to make glass; also lime quarries and stone quarries. They wanted to lease it for twenty-five years. My impression is that it was the officers connected with the road. They don't give their own names, but some outside man. They are all connected with this enterprise. If I wanted to ship a car load from Morrison here I had to pay fourteen dollars a car; they get it for seven.

Q. You commenced to tell about some one wanting to lease it; you didn't finish your remarks.

A. I refused to lease it; they wanted to lease the lime quarry and stone quarry; they had leased a number, and when they leased them they stopped work, so as to favor some on the Rio Grande; I think the main object was to lease and prevent competition, from the conversation I had with them.

Q. Did you erect glass works near Morrison?

A. No, sir; we have not, on account of the railroad tariff; I sold an interest in it and formed a company; after we had formed it some of them got into trouble, and we thought we would wait until we could run it ourselves, rather than pay such exorbitant prices.

Q. Have you been engaged in any other enterprise in which the question of freight has come up?

A. We have in the same belt ore which I have tried often to get them to put down the tariff on the road on; I could never get under fourteen dollars a car load.

Q. Do you know that others connected with the railroad are able to get freight as low as seven dollars a car?

A. Yes, sir. They are bringing in lime to the Grant smelter for seven dollars.

Q. Who is the man at Grant smelter that could give us information?

A. James—William H. James.

Q. Do you know of their shipping stone and other articles for anything less than the regular rate of fourteen dollars a car?

A. No, sir; I don't. I wanted to ship a car load of steel down here to the Exposition, and tried to get it at less, but couldn't.

Q. What is this steel ore?

A. It is used for making the speigeleisen; one ton of it to twenty tons of pure iron, and you have your steel; it is very interesting; I will leave you a pamphlet, and you can look it over; they have it imported from the Europe steel works; I have another pamphlet of something that I am selling a good deal of for medicinal purposes; we can make sulphate of soda of the material in these soda works, and can make glass here thirty-three per cent. cheaper than they can at Pittsburg.

Q. If the freight from Morrison to Denver could be

changed to seven dollars a ton, the same that other people have to pay, what would be the effect upon the question of your turning these various industries to the advantage of the public?

A. We could do it; it would be a great saving.

Q. Simply in the question of transportation from Morrison here, would that result in establishing public manufactories; would that alone result in it?

A. Most people are anxious to have it started in Denver, or somewheres near.

Q. Would the change of freight rates from Morrison to this point result in the establishment of manufacturing interests in the matters you have mentioned—result in establishing manufactories at or near Denver?

A. Yes, I think it would.

Q. The price at which you could manufacture the soda and the other articles which you have mentioned, would it be such that the railroads, by putting down the freight from the East, could destroy the industry after you got it established; granted that the rate was lowered from Morrison to suit you, would it be in the power of the railroad companies to destroy your enterprise?

A. No, sir.

Q. If you could get the freight at a fair price from Morrison here, could you defy competition?

A. Yes, sir; we could ship to the River and have a fair profit; we have our materials so abundant that they could not compete with us.

Q. How extensive is this soda lake of yours—about how large?

A. I have had Professor Short and other chemists out there; we have went down in that center lake fifty-two feet, took an analysis and leached the salt, which produced thirty-three per cent; in that belt there is two hundred and forty-four thousand tons of soda—fifty-two feet deep; we don't know how much below that. It is remarkable and interesting to those in that line. You know that all soda is produced from chloride of soda or salt; there is a big bed of rock salt at some depth below, with base of iron—pyrites of iron. Where it is made in England artificial, all use sulphuric acid and salt to expel the chlorine, but here nature has done that.

Q. Have you pure silica so as to make white ware?

A. Yes, sir ; it beats the French, it gives ninety-eight and one-fourth per cent. of silica.

Q. What ingredients for making glass do you have ?

A. All we want is soda, silica and lime and the kaolin or fire clay there also.

Q. Do you use that in making glass ?

A. No ; in making pots to mold.

Q. Is it your opinion then that the only difficulty that stands in the way of developing this industry to a large extent and opening a manufactory here is the fact of the high rate of freight from Morrison down here ?

A. Yes, sir ; we formed a company ; we are laying off now ; I sold a portion to the company who put up thirty thousand dollars for stock.

Q. You have erected no works ?

A. Only for evaporating the sulphate.

Q. Experimental works ?

A. More for making it for medicinal purposes.

Q. Any other items of information that you can give us ?

A. Nothing only hearsay ; this is my own personal knowledge.

Charles S. Abbott being duly sworn, testified as follows:

Q. (By Judge Gilmore). What is your name ?

A. Charles S. Abbott.

Q. What is your business ?

A. I am a contractor now.

Q. Where is your residence.

A. Denver.

Q. In what line of contracting are you ?

A. Public works.

Q. You heard that statement as to the object of this investigation ?

A. I have.

Q. We have called you to see what information you could give us on this question before us as to the effect of any freight rates you know of having been established on any business of which you have any acquaintance ?

A. I have never been a shipper, have been engaged for a good many years in railroad business, have heard

complaint from other business, I was seven or eight years on the Colorado Central road.

Q. In what capacity?

A. In charge of transportation; I was assistant superintendent for a few years, and master of transportation.

Q. There must be several things that would have come under your observation in regard to the freight rates of this State, either in promoting or retarding the industries.

A. I will try to answer any question that you will answer me.

Q. Until we get some clue we would be questioning in the dark.

A. I think some of the railroad companies stand in their own light, from my experience with them.

Q. Please explain that?

A. In their discriminating, this gentleman before me has explained somewhat; I think that instead of increasing their business as they should do, that they retard it. Generally the agents who attend to this thing don't seem to look at the thing in the proper light. My education as a railroad man has taught me to build up the local business on the road, and do it in every manner we could; the through business we paid very little attention to.

Q. Have you in mind any instances where the freight rates have been such as to affect the question of Colorado industries?

A. Yes, the question of coal, for instance; on the Colorado Central we haul into the mountains the coal they require for manufacturing purposes.

Q. Please explain that?

A. For the purpose of running mines they have got to have fuel, and as I understand it now since I left the Colorado Central road, the freight has been advanced materially so that it has stopped mining.

Q. How has that affected the income of the railroads?

A. I think it damages them.

Q. You think they would have the return freight on ores amounting to what would more than compensate them for the loss incurred?

A. Undoubtedly, it would have increased the population, increased the work and the supply of ore, and would have enabled us to mine a lower grade of ore, that would

have to be sent to market; unless a miner can realize something from his low grade ore he is going to let it remain; this is a question of fuel, so long as they had a plenty of wood around them they used to burn wood, but about Clear Creek and Gilpin Counties the wood has got scarce, and if coal is not shipped to them for such prices as they can afford to use it they stop. I should think that you could get a good deal of information from the people in that part of the country that would be valuable, the coal that we can buy by the car load for less than three dollars they are being compelled to sell for eight, even twenty-four miles from Boulder; there was a time when freight on coal was a good deal lower, that was the time when the local management had the road, since it was turned over to the U. P. they increased the rate and very nearly killed the demand for freight, we always figured that every car load of coal that we took up produced something that we could bring down. Instead of hauling up empties we sent up coal. We realized a profit, and had nothing to do with the loading or unloading of it. My impression has always been that there has been too much management in Omaha and too little in Colorado.

Q. You have explained in regard to the coal business and its effect on the mining industries; have you in mind any other industries that are affected by it?

A. No, not specially of my own knowledge; while I was connected actively with the road I used to hear a good many complaints, but that was hearsay; I have no doubt but they were pretty nearly correct.

Q. With the understanding that this is hearsay, we will so record it and have a minute made of it, you may give us what points you have gained from others.

A. There used to be a good deal of complaint that nobody could ship any coal or stone except the railroad companies who were interested in the mine or quarry; persons owning coal or stone mines or quarries were not able to ship their product out, owing to the higher rate of freight they had to pay over others; there seemed to be a ring that were doing this.

Q. Do you know about the stone quarries at Morrison, whether they are in the hands of private parties or railroads?

A. I never thought the railroads control them, but

that the gentlemen connected with them are the employes of the railroad. So, the freighting from there is done by the railroad men or employes. A gentleman living in Morrison the last time I was there said he could not ship anything; a gentleman by the name of Garfield said he could not ship lime or stone or anything of the kind.

Q. Do you know of any local industries that are affected by the high price where the market would naturally have been in Denver?

A. The freights on ores have always been too high.

Q. Do you know the present freight on ores by the ton from Georgetown?

A. I don't know, they have been changed very materially since I left the road.

Q. What would be your plan as the shipment of ores, as to grading or graduating freights on low grade and high grade ores—would you graduate them according to their grades?

A. I don't think there would be any objection to that among the miners; that is a question that I have heard spoken of very frequently.

Q. How would you ascertain the grades so as to protect the interest of the miners and the railroad companies so that there would be no fraud or cheating?

A. That would be very easy; every lot of ore sent here is sampled before and after sending it; they sell it from sample; every ton of ore that the concentrators or Hill buys they buy from sample; the person selling it having the same sample or portion of sample; the public samplers having the same ore they sell from sample; that is the only way that they can sell.

Q. Your theory would be to graduate the rate according to the grade of ore, make the scale of prices according to grade?

A. I think that would be a very good way.

Q. The price is so high now that you can't market low grade ores?

A. Can't do anything with low grade ores at all.

Q. Any other item of information that you can give us?

A. I don't recall anything now; the first thing that I knew of coming up here was a half hour before I did

come; then I didn't know what you wanted of me; I have always been classed as a railroad man; these are items from my observation; I know that it was a long while the local management of the business on the Colorado road it was more satisfactory to the people; of course my being there was long ago; since I left there I have heard a great many complaints that they were not used as well as they used to be.

Q. Can you tell, as far as your recollection runs, what is the average cost of shipping a car-load of ore from Georgetown to Denver to the railroad company?

A. That would depend, just like a man's business, on the amount that they had to do; the cost is very little.

Q. Going back to the time you did the business—as business run at that time—how much should you think it would cost the railroad company to ship a car-load of ore from Georgetown?

A. I should need a little more time to consider that; in shipping from Georgetown it is a matter of hauling down hill all the time, requiring very little fuel.

Q. Can you haul long trains?

A. As long as you can hook on to; a great portion of the road the train would run itself; some portions of the road it runs too fast; trains have to be held in check; the boys understood they had nothing to do coming down hill, but the work was all getting up.

Q. Could you, at some future time, Mr. Abbott, answer this question; you could answer it and let it be incorporated in your testimony; you can address it to me as Chairman; it would not be necessary for you to come here; we will leave a place where it can be added to your testimony; we will consider the statement so far as it states facts under oath; take such time as you may need to make out the competition and look the matter over?

A. I would be very glad to give anything that I can.

William Bliss, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. W. M. Bliss.

Q. Your residence?

A. Denver.

Q. What is your business?

A. I have been in the hardware business until recently.

Q. Did you hear the statement that the Chairman of this Committee made as to the object of this inquiry?

A. Yes, sir.

Q. Can you give us any information on this question?

A. I don't know that I can; I have not been a manufacturer, I have been simply a dealer.

Q. We are inquiring into all the industries of the State?

A. We have been enabled to distribute our goods; we have paid a very high tariff; I don't know what it costs to haul the goods here; on general principles the tariff has been too high—that is all.

Q. Do you know anything in regard to rebates?

A. No, sir.

Q. Do you know anything about rebates that are given to parties who ship out from Denver to various points?

A. No, sir; I don't.

Q. Do you know anything about any differences that are made between one shipper and another shipping out from this State to other points, or shipping into this State?

A. Not of my own personal knowledge.

Q. So far as you know, connected with the business which you formerly carried on, were there any advantages or disadvantages which you discovered, as far as you knew, given to other shippers?

A. We have always been able to meet the competition of our neighbors as far as Pueblo; perhaps other people have made more money, but I have not discovered it made any difference in the amount of our shipments. We were obliged to ship goods over the Atchison, Topeka and Santa Fe in order to get South.

Q. Has there ever been any arrangement between you and the Atchison, Topeka and Santa Fe, by which they furnished you a rate lower than they otherwise would have done in consideration of your shipping on that line?

A. No, sir; we had large shipments over the Rio Grande road, their rates were fair.

Q. Were low rates ever made conditional on your bringing your freight in that way?

A. No, sir.

Q. Do you know any arrangements of that kind made with any railroad companies or any other shippers?

A. No, I do not.

Q. Do you know any discrimination which the railroad companies have made so far as the shipping of freight is concerned, as between things manufactured in Colorado and elsewhere?

A. Never has come under my observation.

Q. Have you had anything to do in the coal business?

D. K. Wall being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your business?

A. Dealer in stock, wagons, carriages; running a shop.

Q. Where is your place of business?

A. 188 and 190 Fifteenth street.

Q. In Denver?

A. Yes, sir.

Q. Were you present at the time when the Chairman of this Committee stated the object of this investigation?

A. No, sir.

Q. The object is to make inquiry concerning the truth of statements that railroad companies are accustomed to so discriminate in their freight tariffs as to injure and discourage the industries of this State. We have sent for you to see what information you could give on this point.

A. I don't think I can give any information from actual knowledge. We have only our impressions about certain things.

Q. Are you engaged in manufacturing?

A. Not very much. I have attempted to some time ago. While we are making something all the time, we work around our place from fifteen to sometimes forty men. At the present time we have got only about ten or twelve men. We made any kind of job on springs; never attempt farm wagons. When in the business I have noticed what might be beneficial to our country or some little help to Colorado if they had changed their tariff on manufactured articles. For instance, they charge as much for goods

what we call in white as the do for finished articles. I have made an attempt to ship in goods in the white and finish them off. I could find no difference in the tariff between them and the manufactured article. For instance, a wheel or buggy bed there should be a difference in the freight because they can ship it with less risk of loss or damage than when we have it here. It takes men to finish it off. That labor gives employment to a number of our citizens, and promotes the industries of this place.

Q. Could not carriages be manufactured so as to make a better wagon, if manufactured here than in the East?

A. Yes; there is no doubt about that.

Q. Why is that true?

A. It is a dryer climate; the better seasoned the material is the better the article; if your irons are placed on timber that will shrink away from it, it don't do much good while in process of being made; it takes time to dry up, which, after it is finished, is very considerable; the time it is taken from the rough plant and finished into a spring wagon or buggy, it has a chance to dry very considerable, and, of course, the article is worth more. I don't know why manufacturing could not be done just as well here, and as profitably, as in the East; there is hardly any factory but what ships their material a great ways; the fact the Studebaker is located at South Bend, I don't know as it is any advantage, because they purchase wagon material wherever they can find it, and buy it nearly all over the United States.

Q. What is the class in which carriages are put?

A. I forget; class A, I think.

Q. What is the rate on that?

A. That is one dollar, thirty-seven and one-half cents, two hundred dollars from the River, and two hundred and seventy-five from Chicago.

Q. It is the same on material in the white?

A. Yes, sir.

Q. If the white material should be shipped here, could you manufacture, considering the enhanced value of the carriage and the better price that you could get for it made here, if the raw material had a proportionate rate in the white or rough; if the raw material might be shipped to you at a rate which would be proportionate to its value as

compared with the manufactured carriages, could you manufacture to a profit?

A. Yes, sir; it requires capital and experienced men. I have a factory, while running in this country, would yield a fine profit if protected by our freights. I would ask no better protection than that the freight on the raw material and the manufactured article should be in proportion to the value of the raw material and the manufactured article. There always seems to be a little trouble in getting laborers.

Q. Is not it true, Mr. Wall, that there are people who must come to this country on account of health who, after they get here, would be fair workmen, so that the price of labor would not be so very disproportionate to that which is obtained in the Eastern States?

A. Yes, sir, that is my opinion. I know that we get a great many citizens that come here only for a temporary stay that become good permanent citizens, and we obtain considerable population from people of that kind.

Q. Is it your opinion, from your knowledge of the market for wagons and carriages and other articles that you have been dealing in, that quite an extensive industry could be maintained here in the manufacture of these things if the freight would be reduced as we have mentioned?

A. Yes, sir; that is my impression.

Q. Is your impression sufficiently well grounded so that you would be willing to risk capital on it?

A. Yes, sir, I think I would. I have been of that impression for some time, but a factory, shop or wagon factory, like a great many other things, a man wants to have some capital more than he thinks he wants when he starts in; it is a good deal like pouring water into a rat hole, but if they have sufficient financial strength it is a sure and legitimate business, and one that would pay in this country; what experience I have had, if I was going into the wagon business, manufacturing extensively, I would prefer starting in Colorado building wagons right out of the rough; there is a great many men that are working and making a very good living at it in the State now because they get a better price for their goods.

Q. Take the ordinary farm wagon manufactured by the Studebakers; what price do you get for that here?

A. From seventy-five to ninety five dollars.

Q. Take such a wagon as that, same shape, the same build, if you could manufacture it here, and it was known to be manufactured here, what price could you obtain for that?

A. Every kind of article has got to be introduced. I think they would bring from five to ten dollars more if they were built in this country, take the same iron, the same sized wagon and the same material all the way through.

Q. The purchaser would give the preference to the wagon manufactured here to that extent?

A. Yes, sir.

Q. So that if you could have the difference in the way of freight on the raw material you could manufacture to a profit?

A. Yes, sir; in regard to plank and timber, I don't know what the rate is on that; every factory in the Union has a specialty. Take Studebakers, they don't make any light wheels; these things have got separated so they manufacture each article cheaply. These things have got to be imported in just as they do in the East; the manufacturer of carriages buys his bolts; the Studebakers buy their bolts though they have a machine to make them. Lumber is Class B; wagon lumber sawed is class A. The difference between Class B and A is twenty dollars on a car load; that shuts us out here to a certain extent; bringing in whole plank you have got a good deal of wood you have got to chip off and throw away.

L. A. Melburn being duly sworn, testified as follows:

Q. (By Judge Gilmore.) Were you present when the Chairman of this Committee made the statement to the last witness as to the object of this investigation?

A. Yes, sir; I was.

Q. Can you give us any information as to the matter we have under inquiry?

A. I am not prepared, as I have been sick and have had so much to attend to since our fire up there, have not been out only two or three hours a day; but if there is any questions you would like to ask, I will try to answer them the best I can.

Q. What is your business, Mr. Melburn?

A. Manufacturing wagons and carriages.

Q. Where are you manufacturing?

A. Twenty-second street, between Holladay and Larimer.

Q. What class of wagons and carriages do you manufacture?

A. Principally spring carriages and buggies.

Q. How many men are you employing?

A. At the present time twenty-two; usually run from thirty to thirty-five and forty.

Q. I want to ask you in regard to the difference in freight between the manufactured wagon and the material which goes into the manufacture of wagons or carriages?

A. We find that there is a great discrimination.

Q. In what respect?

A. In every respect; pretty near everything that goes into the vehicle; they charge us on wheels just the same as for finished work; they used to charge us double first-class; I think it is double first class yet; we have not been shipping any lately, I have not looked it up.

Q. Before you pass from that; what is the rate on first-class?

A. Two dollars and ten cents from the Missouri river, double first-class twice that; I would not say that wheels in the white is double first-class; I am not sure whether they charge once and a half or double; it is double first-class in less than car loads and, for manufacturing light wheels here, a factory would have to run at the rate of two hundred thousand dollars a year before they could ship by the car load.

Q. So that you have to ship wheels by the hundred pounds?

A. Yes, sir.

Q. I want to ask you what is the difference in value, so far as the price is concerned, between the rough and the wheel finished? how much value do you add in finishing—what percentage.

A. That is a question that has got to be explained; in the first place it has got to be ironed before it is finished.

Q. Don't wheels in the white have iron on them?

A. No, sir; about a year or fifteen months ago I tried to make arrangements to ship a lot of goods in—we wanted

to purchase twelve thousand dollars worth of goods—I tried to make arrangements to ship everything pertaining to the making of a wagon, wheels, springs, carriage bolts, &c., together, and asked them to make a rate on them the same as on wagons manufactured. They said the only way they could ship them goods was to classify them after we got here. Where the car would cost two hundred dollars from the Missouri River of manufactured goods this would cost three hundred and sixty-five dollars.

Q. You began to answer my question in regard to the difference in value between a wheel in the rough and one finished; please complete your answer as to that or any other item of manufacture.

A. A wheel in the rough; take for instance an "A" wheel—they are graded A. B. C. and D., of course we have to figure on one of these grades, an A. wheel, medium size, costs, laid down, thirteen dollars, a set having four wheels, these wheels manufactured, ironed, painted and striped ready for the vehicle would be worth thirty two dollars, the difference is between thirteen and thirty-two; we have to purchase the tires and put on here; these tires might be made in this country as well as any where else.

Q. What is the rate on the tires, is that first class?

A. One dollar sixty-five, I believe.

Q. How much are four tires worth?

A. They are worth three dollars.

Q. The material that goes into the wheel for a set of wheels ought to cost, class A., ought to cost sixteen dollars for the raw material?

A. It would cost seventeen dollars and forty cents, that is including the points and hub bands and the tire bolts, or when it is manufactured it is worth thirty-two dollars, the difference between them is the labor.

Q. If the freight on the raw material—at seventeen dollars and forty cents worth of raw material—was the same in proportion to its value that the freight is on the manufactured article, would you be able to manufacture carriages to a profit and largely increase the industry in this State?

A. Yes, we could increase our profits about ten per cent., as near as I can make it; that is giving you figures as I figured it out, and selling them at the price we do, we could control the trade; it would give our customers that

advantage and keep the trade at home, and compel them to purchase goods manufactured at home.

Q. You are able to get a better price for your articles than Eastern articles?

A. Yes, sir, we can get a little more money for them; when I started, in 1877, they would laugh at a man that would buy an express or delivery wagon at home; now it is the reverse; there is not one out of twenty-five wagons that is run here that is not made here.

Q. How much durability is there in express wagons made here and those made in the East?

A. The duration that I claim gives an advantage of twenty per cent.

Q. You have all that in your favor?

A. Yes, sir; while we have ten per cent. against us we have in the climate twenty per cent. in our favor; when I started in 1877 I started with a capital of three hundred dollars; last year I done ninety-five thousand dollars' worth of work.

Q. Do you believe that the industry of manufacturing wagons and carriages could be made a large one; is the market sufficient?

A. Yes, sir; I figure we could employ at least three hundred more hands in Denver.

Q. How much additional capital would that find employment for?

A. That is employment for about five hundred thousand dollars; we could not manufacture work that is sold brought from out of the city of Denver with less than an increase of three hundred hands; that is, the vehicles that are shipped here from New York and other points; we are the only house in the city but what handles Eastern work.

Q. Do you have a warehouse in connection with the factory?

A. Yes, sir; have been compelled to sell all our work right at home; had considerable shipping outside, but not to amount to much now.

Q. (By Mr. Stirman.) How many men did you state that you employed?

A. Twenty-two.

Q. How many do you usually work?

A. Thirty-five to forty; thirty-six is what we run last season.

Q. If the rate upon the manufactured article bore the same proportion to the rate of the raw material that the value of the manufactured article bears to the raw material, could you increase your force to the extent you have stated?

A. Yes, sir, I should; in fact we are doing it any way.

Q. If these rates were so adjusted what number of men would you employ, or what number would the business justify the employment of?

A. If the freight rates were right we could employ at least three hundred more than we do now; the business would justify the city in employing that many more.

Q. How many do the city employ now?

A. I don't know exactly.

Q. Can you approximate the number?

A. At the present time there is not more than one hundred and twenty-five employed in the business.

Q. This adjustment would make it profitable to employ three hundred more?

A. Yes, sir, three hundred more, making it four hundred and twenty-five.

Q. Are these employes, as a rule, men of families?

A. Yes, sir.

Q. An average then of five to a family would make a difference of two thousand inhabitants to Denver?

A. Yes, at least.

Q. In the simple industry of manufacturing vehicles?

A. Yes, sir.

W. S. Taylor being recalled, testified as follows:

I was testifying a few days ago in reference to some coal matters; Mr. Wolcott, in his argument, the other evening, made some rather slurring remarks in reference to the Denver and New Orleans; it recalled to me then that when the D. and R. G. road was first built up the cañon, a company of capitalists bought several acres of coal there, opened mines and called for cars, and were met with a flat refusal; the road didn't propose to ship anything for them, and didn't; the machinery stands there to-day; that com-

pany organized a company to build a branch from their coal mine to connect with the New Orleans; and get their coal to market from Piñon, or Little Buttes; they have been waiting to find out if the New Orleans can have protection; these parties are extensively engaged in the oil business, but the oil business is not half on one per cent. of the coal business; the understanding was, before the New Orleans put a shovel into the ground they propose to start to build their road; the road will involve an expenditure to them of about eight hundred thousand dollars, besides opening their mines. If matters took the right shape to-morrow, it would bring a million dollars to Colorado; several thousand acres of coal lands have been lying idle on account of the impossibility of getting any coal to market; they are to-day ready to start; their experience in the coal oil business is interesting; they have a contract for thirty oil wells; the rates from Cañon or Coal Creek to Pueblo—the general distributing point—the distance is thirty, thirty-five, or forty miles; the D. and R. G. charges thirty-three cents a hundred pounds for crude oil; that oil at Kansas City or Omaha would be transported five hundred miles for thirty-two cents a hundred pounds; the pool lines charge one dollar and fifteen cents for a hundred pounds from Pueblo to Omaha, or Kansas City.

Q. Then I understood you to say thirty-two cents from Omaha to Chicago?

A. From Cañon to Pueblo is thirty-three cents; from there to the River one dollar fifteen, and from the River to Chicago, five hundred miles, thirty-two cents.

Q. What can they charge on that oil from Cañon City to Pueblo and make a fair profit to the railroad company?

A. That forty miles is down a very easy grade, and one locomotive can handle a hundred cars. The train could be handled for a dollar a mile and pay all expenses.

Q. What would be a fair rate by the hundred pounds for the amount of business that they are actually doing?

A. The D. and R. G. will charge—they will bring it to Denver for nine cents. Ten cents would be ample; it would pay a good profit.

Q. Is this industry retarded by reason of that freight rate?

A. Emphatically so. Mr. Coon, the agent of that company, was perfectly horror stricken at it. He proposed

to haul it down in wagons; he would do it cheaper than that.

Q. You believe that the industries by getting this oil out would be increased?

A. Yes, sir; undoubtedly. These gentlemen have a contract for thirty wells. There is two roads to Cañon; there is two tracks; but on one of them there is not a pound of freight or a passenger, except freight for the road. The road owns it, and they refuse absolutely to perform the duties of a carrier. There is no competition; it is for their own business. If any shipper at Pueblo takes to the Santa Fe freight to be shipped to Canon, although that road has got a track there, they refuse to receive it.

Q. Is not that the reason of a contract between the Santa Fe and the Rio Grande, that the Santa Fe should not go further West and the Rio Grande not further south.

A. Yes, sir.

Q. The same thing keeps the D. and R. G. from going to Trinidad?

A. Yes, sir. Parties commenced organizing a company to go to El Moro, but the enterprise was dropped on account of this contract. I have here the Utah Traffic Association tariff (Exhibit No. 6), joint through freight tariff. This is in effect January first, 1885. It gives the freight on all classes of merchandise from Council Bluffs, Omaha, Pacific Junction, Plattsmouth, Nebraska City, St. Joseph, Atchison, Leavenworth or Kansas City; all points in Kansas, Nebraska, Colorado and Wyoming east of Cheyenne, Denver and Pueblo to all given points in Utah. The same rate to all these points the first class is three dollars to Utah. In Salt Lake they can get the rates just the same that they can in Denver.

Q. Are the rates from the River to Salt Lake the same as from Denver?

A. No. They are ninety cents more to Salt Lake from the River than from Denver.

Q. What would be the difference between a keg of nails from Omaha to Salt Lake and Denver to Salt Lake?

A. No difference.

Q. Or any other thing?

A. Yes; this is a general tariff.

The Special Committee appointed on railroad investigation met at Room 4, Barclay Block, on Monday afternoon, February 9th, at three o'clock, pursuant to the call of the Chairman, and the following testimony was taken: (Present, Gilmore, Chairman, O'Driscoll, Rollins, Hinman and Stirman.)

J. W. Nesmith, being recalled, testified as follows:

Q. (By Judge Gilmore.) What were the points that we especially requested you to be prepared on when you came back here again?

A. It was specifically the discrimination or apparent discrimination in the freights against manufacturers of machinery as between the material and the manufactured machine.

Q. About getting the absolute rate, to get the actual facts in regard to it?

A. Yes, sir.

Q. Have you advised yourself in regard to the matter?

A. Yes, sir, somewhat. I have been several times in communication with the railroad officers in reference to it. I didn't know what I was called here for, and I didn't have the list with me; it costs as much in every case except pig iron to bring the iron from the East as much per hundred pounds as it does to bring the manufactured machines; in communication with the railroad companies I have stated to them the points specifically in which we consider ourselves abused; in the boiler there is not one-tenth of one per cent in the material, but is in the same boiler that is manufactured in Colorado. The freight on the material, the majority of it from the East, is the same as the freight on the boilers from the East, but on a large quantity of it almost one-half, say thirty per cent., the freight is higher on the material than on a manufactured boiler; for instance, boiler iron and rivets are in class 5, that is a dollar a hundred, the same as class A under which boilers come, that is a dollar a hundred and the boiler too, which amount to thirty per cent of the boiler are in Class 4, which is one dollar fifteen a hundred; that has been re-

duced within a year up to last year ; within a year ago it was higher.

Q. So that tubes are one dollar fifteen, while the manufactured boiler is one dollar?

A. Yes, sir ; that is one item ; the same general policy is pursued in regard to all these articles ; I mention boilers because it is so simple and because it involves on us so much loss on the material. If you started in Colorado to manufacture a hoisting machine, we start with what cast iron is in it. Suppose you put twenty-five per cent. pig iron, the other seventy-five per cent. would be scrap from the country. The next thing, belting or belt, one dollar fifteen ; wire rope, one dollar seventy ; common rope, one dollar seventy, and so on through all the material, running up in freight largely beyond the freight on manufactured article. There is a large portion of this material that necessarily, for some years to come, cannot be made in Colorado from the nature of the case. For instance, rolling mills for the manufacture of boiler iron is pretty expensive ; we are not likely to have rolls for some time. The point is, if we could get the classification changed so as to get the benefit of a lower rate on the material and higher on the manufactured article, not at the expense of the railroad. It has not been our purpose to lower freights ; we have said nothing about that ; we suppose that if the classification is right, the matter of tariff should regulate itself ; you cannot call any of it raw material, pig iron is not raw material, it is manufactured from the ore ; we have asked for certain changes in the classification, and the matter had been discussed a good deal, we have promises more or less direct, that while they perhaps would not concede all that we have asked for, they would concede enough to make our rates better ; in Wyoming the other day before the tariff managers and freight agents, I assumed in the first place that boiler iron was not made here and was not likely to be for a few years to come. At least there are plenty of manufactures, not less than six in the State ; some of them do nothing else but make that their sole business ; all the boilers used in the State might as well be manufactured here as elsewhere, the transportation being enough to keep the prices within reasonable range. I said to the railroads, you would haul all the material, in addition you would haul the supplies to keep

the mechanics at work, whereas now you simply haul the boilers. Another instance that I cited was that of bridges, now of the thousand tons of iron bridges no Colorado man ever built a bridge, for the simple reason that we pay under the present tariff a dollar a hundred for the material, the freight on the material to manufacture the bridge here, but the eastern manufacture can build the bridge and ship it, and it costs seventy-five cents a hundred. Twenty-five cents a hundred pounds would certainly be a big profit on a bridge. We are discriminated against in just that amount, hence no Colorado man ever built an iron bridge. While it includes but comparatively few items on the tariff sheet, it takes all my machinery that is used in the State except, of course, the smaller articles, as blowers, governors for engines, and sewing machines, and so forth.

Q. You speak of pig iron as the first stage of the manufacture from the ore, malleable iron as the next stage, and the manufactured boiler and other things that enter into the machine as the third stage. Now, assuming that fifty cents a hundred from a given point is a fair rate for pig iron, assuming that a dollar a hundred is a fair rate for the boiler, what would you say at seventy-five cents being a fair rate for the material that enters into the manufacture of the boiler?

A. With these two assumptions I should say that seventy-five cents would be the rate.

Q. Going on that theory, if the rate on the material or malleable iron and other similar classes of material could be placed at seventy-five cents, would it be such a rate that boilers could be manufactured here at a profit?

A. Oh, yes; all the boilers in the State would be manufactured in the State. In the communications to the railroad companies I have simply made suggestions for a change in classification. Whatever you place your rates at, if you start with the assumption that pig iron is the most crude of all, that when the iron takes a step the rate should advance a step, when it advances another step the rate should advance another step without making an arbitrary classification, that is logical.

Q. If the freight on bar iron should be reduced to seventy-five cents have you acquaintance enough with the cost of bar iron to say whether that would destroy the manufacture of bar iron in this State?

A. Yes, sir; it should not.

Q. There would still be sufficient profit so they could manufacture it against the rate of seventy-five cents a hundred brought from the East?

A. I should say so positively; I am not absolutely familiar with the operation of rolling mills here.

Q. The company that manufacture boiler iron, where do they get the raw material?

A. All the bar iron that is manufactured here is made from country scrap about all of it. I don't know but what there is a little puddled bar a large portion of pig iron is manufactured in this State; it is barely possible that there is some puddled iron from pig, I know that there are nails here made from puddled iron.

Q. (By Stirman.) Does Colorado iron mines produce the iron from its native state; has Colorado valuable iron mines?

A. Yes, sir.

Q. If these freights were classed according to your idea of the proper classification, would it increase or diminish the mining of this iron?

A. It should increase the manufacture of pig iron, and from that, bar iron; and from that machinery.

Q. Would it develop all these resources from the mines?

A. If the changes that I suggested to the railroad companies were enforced, there would be a tendency to develop these resources, from the fact that the rates of freight on all this material is very, very high, and there would be a likelihood of encouragement of new enterprises in that direction.

Q. That is what we want to know?

A. Understand me, if the suggestion of your Chairman was carried out and the rates reduced on bar iron, then necessarily there would be a tendency for new enterprises then, if the rates on manufactured machinery were advanced proportionately; for instance, by the tariff number one is two dollars, number two one dollar ninety, number three one dollar seventy cents, and so on; this classification remains the same.

Q. The lowest rates on manufactured goods is in the interest of the consumer; we want to understand this so as to protect all—the consumer, manufacturer and producer?

A. It seems very incongruous to make the first step fifty cents a hundred pounds; after advancing to four, six or eight fold in its original value it advances nothing in rate; that is the way it stands now.

Q. Take the tariff on manufactured articles, now; is there sufficient range to regulate this running down the other way and protect home industry and consumer; is there room to grade the other way and still foster home industries?

A. It is my impression that there is, but there is great opposition to that; from the fact that I never in my life have known a State where competition is sharper or the facilities better; there are so many sharks, so many interests that there is little danger of exorbitant rates prevailing; you may remember that the greatest influx of machinery that ever was in this State came here two or three years ago at ten cents a pound; there is no prohibitory rate; there is no danger of any one being oppressed by high rates; two years and one-half ago our concern was working from about one hundred and fifty to three hundred men; we were enabled to work that number of men and find sale for our product; while these rates were against us much less attention was paid to getting machinery into this market; we were enabled to work that number of men for a year and one-half at a time; when the iron business became so oppressed then manufacturers looked about everywhere for customers; it is just at these times they are able to take all the business away from us; if times were as they were in 1867, 1868, 1879, 1880 and 1881 and along in 1882, there was no trouble, and now with this discrimination machinery will be put in at prices we can't reach.

Q. That is an argument that railroads would use?

A. Yes, it remains a manifest injustice; when times begin to be hard, and we still want to live, it is pretty hard to do it.

Thomas Moulton being duly sworn, testified as follows:

Q. (By Judge Gilmore.) Where do you reside, Mr. Moulton?

A. Denver, sir.

Q. What is your business?

A. Terra cotta stone works.

Q. Carry on your business here?

A. Yes, sir.

Q. The object of this investigation, Mr. Moulton, is to ascertain the truth of statements which have been made to the effect that railroad companies have been accustomed to so adjust their freights as to discriminate against the industries of Colorado, we have sent for you to ascertain what information you can give us on this subject?

A. I built these terra cotta works three years ago, and recently repurchased and am running them now; two years ago I found that the product of my factory was more than could be consumed here and went to Wyoming and took orders; to my surprise they charged me seventy-five dollars more from here to Salt Lake than from Omaha to Salt Lake; the Denver and Rio Grande made a cut and gave liberal terms; my impression is that it is now seventy-five dollars more per car from here to Salt Lake than from Omaha; just before I repurchased the works I found what their tariff was.

Q. Can you manufacture as cheaply as at the Missouri River?

A. No, sir; I cannot. What they call a day's work is seventy-two gallons. They pay seventy-five cents for it; I pay here one dollar seventy-five for that. Probably, in time, when a sufficient number of workmen get here, that we would get labor cheaper.

Q. Is not there any advantage in the raw material that you use?

A. Yes, sir; we have as fine a plastic clay as there is in America; they have recently built a branch road to Ralston Creek that passes within eighty feet of some good veins; I was up there Saturday.

Q. Can you get your material at the bank cheaper than they can get it at Omaha?

A. I have been paying one dollar a ton at Golden more than they have been paying at Des Moines; this at Golden has been the only vein opened until this one up at Ralston; we struck lots of good veins there.

Q. What is the freight that you have to pay on the clay from Ralston here?

A. Eighty cents a ton; Ralston and Golden is the same.

Q. That is eight dollars a car?

A. My last car out was twenty tons; I pay by the ton.

Q. Do they ship that same clay from here to Omaha?

A. No; they have it there; the principal part of the stone work comes from Des Moines; some as far east as Akron, Ohio; the terra cotta comes largely from Peoria.

Q. Can manufacturers East send their terra cotta or stoneware here so as to compete with you in price?

A. Yes, sir.

Q. Do you know what the rate is on their ware?

A. I do not; I intended to bring the tariff with me, but mislaid the paper.

Q. Do you know whether that tariff is disadvantageous with reference to your manufacturing, so as to discriminate against your manufacture?

A. Yes, sir; it is very much less than when I started.

Q. If the rate now was maintained, the same price that it was before you started your manufacture, would you be able to compete successfully against them?

A. Yes, sir; when I first started the works here my recollection is that their tariff was fixed at twelve and one-half cents to deliver here; now I am told that it costs ten cents; this new clay bank that is opened gives equally as good clay as at Golden; I took one of my workmen up there Saturday, and he said it was just as good.

Q. Is the clay called plastic clay?

A. Yes, sir; what I felt the most aggrieved at was the idea that a car should be shipped from Omaha at seventy-five dollars less than from Denver; that seventy-five dollars a car would be a profit for me. Their tariff from Golden I have not objected to; eighty cents a ton is cheap enough; I had to go up to Wyoming when the roads got into a tight; I was then able to sell there. My building was burned down, and when I bought the works and rebuilt, I found the tariff was two hundred and fifty dollars a car from here, against one hundred and seventy-five from Omaha.

Q. (By Mr. Rollins.) That is practically prohibitory from your shipping to Salt Lake?

A. Yes, sir; that shuts it off entirely, I think; I can find these papers to-morrow.

Q. Do they charge you higher on your shipments than the other manufactured articles from this town?

A. A don't know.

Q. Wares that are brought here and sold—do the shippers get a cheaper rate than you do?

A. I don't know; I presume not; I presume they charge the crockery houses the same rate that they do me. The point was that they could haul it from Omaha for seventy-five dollars less than me, with five hundred miles' longer haul; seventy-five dollars a car is all I ask for profit.

The special Committee on Railroad Investigation met at Room 4, Barclay Block, at three o'clock P. M., February 10, 1885, pursuant to a call from the Chairman. Present, Gilmore, Chairman; O'Driscoll, Rollins, Hinman and Stirman, associate members of the Committee, and the following testimony was taken:

Edward Dickinson being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. Edward Dickinson.

Q. Where do you reside?

A. Denver.

Q. What is your business?

A. Assistant General Superintendent of the Union Pacific Railroad Company.

Q. How much of the Union Pacific Railroad Company's lines are under your direction?

A. I have the lines as Assistant Superintendent. My particular attention is given to Colorado, Wyoming and Idaho lines.

Q. The object of this inquiry is to ascertain the truth of statements that have gained publicity to the effect that railroad companies, having their lines terminating in this State, were accustomed to arrange their rates of freight so as to discriminate against the industries of this State. Our first directions, given by the House, were to inquire in regard to discriminations against manufacturing industries; afterwards our authority was increased, and we were

instructed to make inquiry as to whether freights were so adjusted as to discriminate against any of the industries of the State. We have had before us representatives of various industries of the State—manufacturing, mercantile, and mining, as well as coal and others, who have stated their views, and made some complaints. We have asked you to come this afternoon, and give us information from the standpoint of a common carrier. We have been having it from the standpoint of those who employ common carriers. I don't know as to the line of information you can give us; I will state some things, however, which may lead to something else. It has been said to us by the manufacturers of this State, who are engaged in the manufacture of machinery from iron, that the rate of freight, for instance, on boiler iron, or iron that goes into the manufacture of the boiler, such as boiler iron or bar iron, tubes, rivets, and such things as go into the manufacture of boilers, are so adjusted as that the rate in the aggregate on these things that go into that manufacture are higher than the boiler brought here as a whole. I will ask you if you know whether these statements are true, or what explanation you could make?

A. Being unfamiliar with the rates, I can't give an intelligent answer; I don't know what the rates are. My impression is that that statement is erroneous. I recollect hearing Mr. Kimball tell a gentleman while here last week that Denver manufacturers had twenty per cent. advantage over the Eastern manufacturers in selling goods to Wyoming and points West; I don't know what that was based on. I recollect hearing him make that remark by being entirely unfamiliar with the rates. Don't see how I can answer the question intelligently, at all.

Q. Can you give an answer on the general policy of the road?

A. As I understand it, the general policy of the road is to encourage manufacturing in Colorado and all points along the line; as far as I have understood the matter that has been done.

Q. How long have you occupied the position that you now have?

A. Since the first day of November; have been on the Wyoming division for the last ten years; have just taken hold here.

Q. I will make a few other statements in order to assist you in sending persons that we want. I shall give you what are more marked illustrations than otherwise. It is said to us that the freight from all points on the Missouri River on all roads that center here, and from all points between the Missouri River and east of the Rocky Mountains to all points in Utah and particularly Salt Lake City are the same, so that the points on the Missouri River have an advantage over Denver manufacturers and merchants in shipping West; that the freight from points on the Pacific Coast on a certain class of goods largely consumed in Denver, known as fifth class, which includes sugar, rice, canned goods, dried fruits and other products of the Pacific Coast; that the rate on these to Denver is forty cents a hundred more than it is to the Missouri River points. Secondly, they say that the rate being the same from the Missouri River points to Utah and other places West, that it gives the Missouri River points a decided advantage over our merchants who reside here in Colorado. That is a sort of complaint we would like to inquire about.

In the line of manufactures we are told that the same is true that I mentioned concerning the iron interests, that it is true in regard to other interests; it is said that a wagon, or a car load of wagons, finished and ready for use, that a certain rate is given for them and that they are charged the same rate in a knockdown condition as in what they call the white, so that they cannot, with any profit, bring the white goods here and put them together here and sell them in this market; and then they tell us that if they undertake to manufacture a carriage they have the raw material and the various thing, iron and leather that goes into the manufacture of the carriage; that the material which enters into the manufacture of the carriage is more in the raw state than the manufactured carriage; they complain that the carriage is a far more valuable article, and ought to have a higher freight. The same complaint is made in regard to furniture. Another complaint is to the effect that there is a difference in their classification to the disadvantage of some of our interests; to illustrate, we are told that matches have a certain rate given them, that they are put in a certain class which I do not remember, and then it is said that that class is so varied in favor of the merchants, against the manufacture of matches, so that they are com-

monly shipped in here at a much lower class; they come shipped in here as woodenware and the market gets stocked with matches under the head of woodenware.

It is complained in regard to soap—the manufacture of soap here—that soap is shipped in here at a rate far better than the published price; they explain that by saying that the rate is made at the other end; the goods are sold delivered here; the seller procures the rate. Then another complaint is made—another line of complaint—the coal miners at Marshall and Erie and points where the Union Pacific Coal Company have their mines; that they are charged a rate very much in excess of the company—to the Union Coal Company; as near as I can recollect it, it is that the Marshall coal owners are charged a dollar a ton from Marshall here, while from Louisville it is twenty-eight and a half cents, and the coal miners at Erie are charged ninety cents and the Union Coal Company twenty-eight and a half—giving the Union Coal Company a great advantage in this market over the private miners; there is quite a class of these. Then, there is another class that is represented by parties from Morrison—men there who have quarries and stone tracts which could be developed into quarries; that there are parties who can get freight from Morrison down here on stone, lime and products of that vicinity at seven or eight dollars a car and that private parties are charged the schedule price of fourteen dollars a car on that class of goods which shuts them out and prevents them engaging in these industries. It is said that glass manufacturing could be carried on here from the products located in the vicinity of Morrison at a very good profit, provided they could get the material hauled down here as cheap as they say persons favored could get them hauled down; that is another serious complaint; these are things that occur to me from memory?

A. Mr. Kimball is the man you want to see, I can't answer any of these questions; I think I had better telegraph Mr. Kimball and ask him if he can arrange his business so as to meet you gentlemen; he could not possibly get here before to-morrow night; I am not sure he is in Omaha; there is a very important meeting in Chicago that he is attending.

Q. I have simply mentioned those matters as complaints that come from the lines of road under your care?

A. Have not many complaints from the South Park road, have you?

Q. Nothing except the Morrison matter?

A. I can't answer any of these questions from personal knowledge; I shall have to refer the matter to Mr. Kimball or somebody that is familiar with rates; my business is to handle goods after the road gets hold of them; everything pertaining to the operating of the road I will telegraph to Mr. Kimball. Mr. Kimball, Mr. Shelby or perhaps Mr. Miner might give information; one of them is nearer than Kansas City.

George H. Crosby, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. George H. Crosby.

Q. Where do you reside?

A. In Denver.

Q. What is your business?

A. Assistant general freight agent and general agent of the B. and M. Railroad Company.

Q. How long have you occupied that position?

A. Have been general agent since the first of July, 1883; assistant general agent since the first of March, 1884.

Q. You heard the statement in regard to the object of this inquiry?

A. Yes, sir.

Q. Your field of business is confined to the freights from the East?

A. Yes, sir; we have no distributing territory to amount to anything.

Q. The complaints that are made in regard to shipments from the East on the railroads which have their termini here are to the effect that the freight rates is so adjusted on freights that go into the manufactured articles here as to discriminate against some of our manufacturing interests. I will illustrate, to begin with, that may lead to some other lines of inquiry; first—it is said that the freights on the material that goes into the manufacture of iron machinery, for instance, a boiler that the aggregate freight on the boiler iron, bar and other malleable iron,

including bolts and tubes, in the aggregate, is greater than the same thing when made into a boiler, so that men cannot make boilers; her manufacturers here cannot make boilers because it costs more to get the material here than it costs to bring the boiler here?

A. I am probably not as familiar with what enters into the composition of a boiler as a man that is in that business. The rate to-day on boilers is two dollars and ten cents a hundred; probably the boiler is made of what we call merchant iron, which comes fourth class; the rate is one dollar fifteen a hundred, there is a margin of ninety-five cents, which seems to be a pretty fair one.

Q. Do you know what class a boiler comes under?

A. A single boiler is first class, by the carload it is Class A.

Q. What is the rate on Class A from the Missouri River?

A. One dollar.

Q. The material that goes into the boiler, tube, bar iron, bolts, etc., if brought in carload lots, what would be the class on that?

A. The rate on bar iron is a special class, which is a dollar; tubes fourth class, if my memory serves me right, (witness refers to a classification sheet); it would be fourth class on boiler tubes.

Q. If boilers are brought in here at certain rates, and the things that go into the manufacture of boilers, such as boiler iron, bar iron, nuts, bolts and such things as these, if these are brought in here by carload lots, what is the fact in regard to the rate as compared one with the other?

A. It would appear to be about the same; the rate on the raw material is the same as the manufactured article.

Q. The iron men say this (I repeat what they say, endeavoring to do so without any coloring, simply to get your views in regard to it); suppose that a common price was put upon the lowest classification of iron, say fifty cents a hundred on pig iron from the Missouri River to Denver; that the next step in the manufacture is rolled iron or malleable iron; the next step to that is the manufactured article in some kind of machine like a boiler; they say that if the rate on the pig iron is fifty cents and the rate on the manufactured machine is one dollar, that the article which holds an intermediate place between the two

ought to be charged the freight rate between the two, somewhere in the neighborhood of seventy-five cents; that if they had such a rate as that given them they could manufacture machinery here to a profit and bring their raw materials from the East; have you any suggestions that you could make in reply to them?

A. I don't know what margin is necessary; I am not prepared to express an opinion as to what would be necessary.

Q. My inquiry was addressed to the question of freight rates, as to the justness of such a complaint?

A. There would be some grounds for complaint if that state of affairs existed; still I have been told by manufacturers of machinery in Colorado that the only difference between them and the East was the amount of labor put on the material, and if they could get the same amount of labor as cheap as they do in the East there would be hardly any difficulty; there seems to be that difference in the rates of labor as indicated in the rates named here in my judgment; complaints similar to that have never arisen on the rates in the Eastern country; I have been connected with the roads in the East, and I never heard a man who intended to embark in the manufacturing business in Kansas City complain that he must have a less rate from Chicago and St. Louis on the raw material than they charge for the manufactured article; I think they are manufacturing right along in these towns, and the same state of affairs as regards rates exists.

Q. It is reported to us by carriage manufacturers that the same state of facts exists, only to a still greater disadvantage to the carriage manufacturer, that exists with reference to the manufacture of anything of iron outside of that. Carriages manufactured, all put up, finished, varnished, ready for use, are brought here under a certain classification, which I think is fourth class—if I am wrong in regard to that, the tariff sheets are before us—and that the raw material that goes into the manufacture of the carriage or wagon, that is the material in the white, or wood in the white, and the iron in the bar, and so forth, are in exactly the same classification. Then they tell us that other things that go into the manufacture of the carriage, like leather and things other than wood or iron that go into the manufacture of that class of carriages, is very much higher than

the fourth class, so that the vehicle would in the aggregate cost a good deal more to bring it here before than after it is manufactured?

A. I think an examination of the tariff sheet will show the fallacy of that. Carriages in car load lots are taken in Class A. It is impossible to load twenty thousand pounds of carriages into a car. The raw material is Class B; Class A is one dollar, Class B is seventy-five cents. This is a margin of twenty-five cents. As it is impossible to load twenty thousand pounds of carriages into a car, the margin is greater. A single carriage is taken on the basis of first class. If these carriages were brought at actual weight it would be a good deal lower classification.

Q. Are you certain in regard to the classification of raw material that it is brought in Class B?

A. The classification here, dated November 10, this is Class A, which was an error on the part of the printer. I have been in the railroad business several years, and never knew of it being in Class A. This is changed to Class B simply because it is a mistake. If you will look at another tariff sheet you will find it always appears as Class B. This present classification has been in effect a very short time. This state of affairs has been a temporary one.

Q. Do these things—for instance, leather, that takes a high rate—do these things take as high a rate as a finished carriage; what would be the rate on leather?

A. The rate on leather from the Missouri River here would be one dollar seventy.

Q. What would be the rate on carriages by the car-load lot?

A. From the Missouri River?

Q. Yes, sir; supposing they were taken down and packed together?

A. As I explained before, it is impossible to get twenty thousand pounds into a car; the rate is one dollar a hundred on the basis of twenty thousand pounds a car; it actually costs more than that, because it don't have the weight in the car; that is the way the classification reads. Here is a carriage which if set up, weighing four thousand pounds, first class; it would take almost an entire car to carry it; that would take such carriages as a street hack.

Q. Another source of complaint which is made is that

some articles which are manufactured here, for instance soap is brought here and delivered—sold delivered—and delivered far below the rate in which the things which go to make up the soap are sold, at a lower rate than the raw material that goes into the soap; by reason of such low rate being made it discriminates against the soap manufacture?

A. The high rate on grease from Colorado to the Missouri River is a protection; you can't ship grease for less than one dollar; the manufactured article is one dollar per hundred; I am not aware of any less rate being made; there would be a protection on the raw material going out of Colorado. The rate on caustic soda is the same as soap; there are other ingredients that are brought at a great deal less rate.

Q. Do you know as to soap being sold delivered here at a rate far below the published rate?

A. Not at the present time; there was a time when there were no established rates last summer; I don't know of its being brought for any less than the known rate.

Q. The merchants say to us that they are getting the rate on soap now—stated that he saw a bill of lading where it would be, I think, two dollars and twelve cents.

A. From where?

Q. I can't tell. And the bill of lading showed that it was sixty-seven cents; the car was two hundred and sixty dollars, the regular rate, the bill of lading showed a hundred and sixty-five dollars.

A. Was that recently?

Q. Yes, that was within a month.

A. I am not prepared to dispute the gentleman's statement; it is a common thing for manufacturers to sell delivered, they will sell a Colorado man for a good deal less money than Kansas City. It is a universal practice of Kirk to sell his soap delivered wherever he sells it, it makes no difference where it is. The principal trouble is with the Denver manufacturer, if he made what was thought as good a soap as Mr. Kirk he would not have any difficulty in selling it.

Q. These are complaints made in regard to shipments made from the East; there are others that don't occur to me now; they complain that matches are shipped as wood-ware at lower rate than as matches?

✓ matches found
 straight B + m
 Crocker

A. Matches are first class in the classification; if shipped as wooden ware it is a deception on the part of the merchants. We have a very rigid system of inspection to see that contraband articles are not smuggled through.

Q. (By Mr. Stirman.) They claim for instance the manufacture of leather, claims that there is a higher charge on wrapping twine than other articles in his line, and if they should have a few balls of wrapping twine in a car with other things it is all taxed up as wrapping twine.

A. There is no sense in that.

Q. It is a fact then that twine is found among paper in a car would not cause the paper to be rated as twine?

A. Yes, sir.

Q. Another complaint, that if a looking glass is found beyond certain dimensions, say three feet, the rate is doubled?

A. That is a provision of the tariff in the classification, for if you break one of these you would not make enough in carrying these glasses in twelve months to pay for it; if the looking-glass is shipped as a looking-glass, we charge for it the same as pound freight to any individual dealer.

Q. In that event it don't come as part of a car-load?

A. No, sir.

Q. (By Mr. O'Driscoll.) It is complained of that in gun dealers, for instance, shipping articles here that certain articles are entered as a certain class; if something else is put in with a lower class of freight it will cause it to rate higher; if I should ship a lot of guns and have fifty pounds of ammunition in the car, it rated it all as ammunition?

A. The rate is the same on both; it would make no difference; you would hardly think it fair to bring ammunition at fire-arm rate, if fire-arm rate was lower; the question is what will deal out the most equal justice.

Q. Is it possible in the classification to meet all complaints?

A. No, sir.

Q. Then, when you come in contact with certain freights not classified, you have to adopt some rule; you have some system, but can't classify them on the schedule?

A. No, sir; if the fire-arms come in with the ammu-

dition it would hardly be fair to allow this man to ship his ammunition at fire-arm rate.

Q. Is there any statement that you would like to make, based upon the inquiries such as we have made?

A. I hardly think it is the intention of the railroads in Colorado to discriminate against the manufacturing industries here to any extent.

Q. As a railroad man, what, in your opinion, is the interest of the railways, to ship manufactured goods here or build up the manufactures here?

A. My personal idea has been that the railroads always make more money by fostering such things than by trying to squelch them.

Q. It has been said that, in the manufacture of terra cotta, that when certain terra cotta works were started here, there was a rate upon terra cotta ware—what is known as stone ware—and soon after the establishment of the terra cotta works here, the rate from the East was very much lowered; It occurred within the past two years, I think.

A. I see terra cotta is taken at Class B, if my recollection serves me right; it always has been that. (Witness, referring to the tariff sheet,) In 1883, it was Class A.

Q. You don't know of any change in the classification?

A. I have not had my attention to it, except that.

Q. Has there been any change in the same classification, for instance Class A?

A. There has been no positive reduction made; Class A is a dollar.

Q. If the railroad companies desire to increase or reduce the rate, they change the classification?

A. Not always; sometimes reduce the rate on that class.

Q. It is frequently done by changing the classification?

A. Yes, sir. These classifications are made for all the roads west of Chicago and St. Louis; it would not be possible for the roads of Colorado to make a change, because it takes a majority to make a change. The classification on stone ware was made probably on account of the manufacturers in Ohio and Illinois asking for it.

Q. If you would like to appear before us at any time, we would be glad to see you?

A. I have no general information to give; if any specific charges are made, would be glad to answer them.

Q. Does your line run through to California?

A. No, sir; it terminates right here, at the foot of the Rocky Mountains.

Q. That is the branch you are operating?

A. We have no main line beyond.

A. S. Hughes, being duly sworn, testified as follows:

Q. (By Judge Gilmore). I will state to you, Mr. Hughes, if you have recently come in, that the object of this Committee is to make inquiry in regard to statements which have gained currency to the effect that railroad companies, having their lines terminating in this State, have been accustomed to so adjust their freight rates as to discriminate against manufacturing industries and various other industries of this State. We have had before us thirty or forty persons, representing all classes of industries; they have given us information of value. We are desirous of hearing from the railroad people in regard to these same things, and we have had subpoenaed the representatives of the railroad companies for that purpose. I will ask you if you are connected with a railroad company?

A. Yes, sir.

Q. What is your special position?

A. Traffic manager of the Denver and Rio Grande.

Q. How long have you occupied that position?

A. I have been traffic manager since April, and have been at the head of the freight department for three or four years; have been connected with other railroads of the State; had charge of the traffic of the Denver and South Park for a number of years, and before that was connected with the Overland Mail Company.

Q. Is your company interested in the question of freights from the Missouri River here?

A. Yes, sir; we form, in connection with the Santa Fe road, a line from the Missouri River points to Denver, and in connection with the Burlington and Union Pacific form a connection to Pueblo; we use all lines, also, to form a freight and passenger line to Colorado Springs; in other words we are a part of the Traffic Association known as the Colorado Pool.

Q. Are you interested in the freight from the Pacific Coast?

A. Yes, sir; we have a line from Ogden to Denver; the system is the same as it was under the one management, having two receivers, one for the West and one for the East end.

Q. Whatever interests Colorado, your company is interested in?

A. Yes, sir; probably more largely than any other road leading into the State.

Q. We have had gentlemen representing coal interests, and especially the interest of a coal mine at Coal Creek and points near Cañon City, and it has been said to us that the Denver and Rio Grande railroad discriminates against private miners, other than the Colorado Coal and Iron Company, so that private companies cannot ship coal to Leadville and other points by the Arkansas valley; do you know anything about this?

A. Yes, sir; that depends altogether upon what is considered discrimination; sometime during the year 1884 we gave the same rates to other companies that we did to the Colorado Coal and Iron Company, when the different companies began to cut rates, and in order to protect ourselves against the Union Pacific railroad, who controlled their own coal, we were compelled to notify them—the coal companies—that unless they maintained their rates in Leadville and ceased to cut rates, that, in protection of our own road, we would be compelled to raise the rate of freight; I will explain it in this way; when they first began the shipments of coal to Leadville, the Colorado Coal and Iron Company shipped the larger portion of the coal; later the Union Pacific began the shipping of coal there; we had an understanding with them what rates should prevail; later another coal company started on our line; we gave them the same rates; these two companies began cutting rates; the Union Pacific, having no freight to pay put their coal into Leadville at a very low rate; we notified the coal companies that, unless they stopped cutting the price, we would have to raise the freight rate; in order to avoid competition with the Union Pacific we had to do that; it was injuring our business.

Q. At the present time do you give the same rate to

other parties that you do to the Colorado Coal and Iron Company?

A. To Leadville?

Q. Yes, sir.

A. I have been away; I can't tell that; to Denver and Colorado Springs it is the same.

Q. It has been said to us, Mr. Hughes, that flour was shipped east or west of Cañon City, and by doing so and re-billing it, they were able to obtain a rate very much lower to some market point.

A. There is nothing to it. Who would be losers by it? The railroad company; and no one would be injured except our own company. People who are not familiar with our rules and regulations get hold of two sets of tariff which are dissimilar. There are gentlemen in this city who have shipped to Cañon City and re-shipped to Leadville to defeat the through tariff, by taking the published tariff to first point and then using a distance tariff. That this has been tried is known to some of the merchants of this city.

Q. The statement has been made that the millers at Cañon City broke down by reason of discriminations against them by your road.

A. We never broke down any mills at Cañon City. We stated to these millers at Cañon City that they should always have a rate from these mills equal to the through rate. Any person who would make any such a statement as that would be only to argue that he didn't know what he was talking about. This would be cutting our own revenue to allow you to ship to Cañon and re-ship for less to some other point. A shipper tried to ship some lumber to Grand Junction in that way. It cost him about three hundred dollars to make the trial. I wired the Cañon City agent about these charges. Here is his answer:

"I have seen owners of the flour mill here; since 1879 no shipment of flour has been made to either Coal Creek or Red Cliff; neither have shippers asked for rates to these points. Will explain fully to-morrow."

"I have no knowledge of any flour ever being shipped from Cañon City to Florence, aside from that which has been assigned to parties at Florence and consumed by them. If I had any reason to believe that any shipments had been made to defeat the regular rates I would certainly have notified you of the same.

(Signed)

W. Y. ANDREWS."

And another:

"Am confident no such shipment of flour was ever made. Mr. Chapman has had charge of the mill since November first, 1882. He will come to Denver if you need him and testify that he has not, during this time, shipped a car of flour East of Canon City, and that he never shipped a car to Red Cliff.

(Signed.)

W. S. A."

Another telegram:

"I am quite certain there were no car loads of flour shipped from Coal Creek to Red Cliff, or any other point on our road, and don't remember being questioned as to rates while I was at Coal Creek.

(Signed.)

J. A. CLARK."

Another:

"COAL CREEK, January 12.

"Our record shows no such shipments of flour since January 1, 1883. J. A. Clark, of Mr. Borst's office, could inform you for the six months previous to that time."

(Signed.)

J. K. S."

"There has not been any flour shipped from this station to Red Cliff, or any other station, for that matter, either in car load or in single sacks.

(Signed.)

K. K. S."

Here is a letter from the agent at Florence:

"JANUARY 23, 1885.

"In answer to yours of the 22d instant, would say: There has been some misunderstanding in regard to flour shipment—Canon to Florence and re-billed, Florence to Red Cliff. I understand if such shipments had been offered to me for shipment, that distance tariff would not have applied and would have asked your office for instructions.

"Yours, truly,

W. S. WIDERFELT."

"I can find no record of any flour shipment being made Canon City to Florence and re-shipped to any point in the last two years.

(Signed)

W. S. W."

There is nothing to all this; it is tried frequently. We have a distance tariff so much per mile, which says: "This tariff is only used in the absence of other tariffs. The party

that would attempt to use it part way would strike that objection at the head. At Canon we prefer to build up business.

Q. While we are discussing this question of Canon City, I want to revert to the Caldwell Coal and Oil Company. It was said that at one time, I think this last fall, sometime, that they applied for cars to ship coal, and the reply was made by your company to the effect that you had no cars—that they were all in use, and that you could not furnish them with cars for coal. Then they made inquiry as to cars and discovered that they were on a side track, near by—some sixty—that remained there sometime afterwards?

A. That I know nothing about; I have not the charge of the car service of the road; my business is to make contracts; but I hardly think it would be the truth; it may have been on the order of those who have authority.

Q. Do you know whether, at the present time, the Caldwell Coal Company could ship coal at the same price as the Colorado Coal and Iron Company?

A. My impression is that they can, though, as I say, I have been away some time, and don't know.

Q. Another complaint of those interested in the vicinity of Cañon City, is that the rate of petroleum, or earth oil, whatever it is, from Cañon City or vicinity to Pueblo, is forty cents a hundred, and that the rate on a similar thing from Pueblo here was nine cents?

A. I never heard of the rate on petroleum from Cañon City to Pueblo, and it seems to me that an industry of that magnitude, they could afford to ask the traffic manager about it. I will look into it and see and let you know.

Q. He stated the rate from Cañon City to Pueblo was thirty-three cents; from Pueblo to the River, one dollar ten cents; from the River to Chicago, thirty-two cents; saying that it cost, in order to put the oil in Chicago, the same rate from the River to Chicago that it does from Cañon City to Pueblo; he complains that the rate from Cañon City to Pueblo is out of all proportion?

A. He could not compete with Chicago business.

Q. He was complaining of the rate from Cañon City to Pueblo?

A. The rate from Cañon to the River has nothing to do with our business. The fact that we are to-day in the

hands of a Receiver seems to me would be an argument that we are not doing very well, even at our so-called high rates; there is no great volume to the business; take Missouri, Ohio and Illinois, where living expenses are cheaper and all that goes to operate a road successfully, I don't think the comparison would be fair—the comparison between Eastern and Western rates.

Q. (By O'Driscoll.) It is in testimony that there are regular rates by your road by cars going from Canon City to Pueblo given to certain parties, and a much cheaper rate to others, some two dollars an car for hauling coal, than from the other coal mines shipping to Canon City, going through Canon City from Coal Creek, that you charge less for the greater haul?

A. That is a very insignificant distance, it is only two or three miles to Coal Creek; it doubtless may be true; that is the same the chairman asked, if we make less rates for the Colorado Coal and Iron Company than for others; I will look into that and answer you at some other time.

Q. If you could, by to-morrow afternoon?

A. Well, I will. The coal question I have not paid much attention to; probably I assist in making a great many rates, have been through it all, if you have any questions to ask I will be pleased to answer them. The machinery rate, I have been all through that; we think the reason why these rates did prevail are proper and just. It is so unlike the policy of the Denver and Rio Grande Road, since I have been with it, to crush out any industry that would bring in any business; the very fact that we have industries along the line of our road, and the towns on the road have grown from small villages to large cities ought to be evidence of that policy. We would be glad to know that they could produce coal oil in Canon City. If there is any injustice or inconsistency in our tariff we would be too glad to remedy it. You gentlemen will agree with me that it would be a great thing for our road if the coal oil could be developed on its line; our interests in the pool is small, less than one-fourth, and we would be keen to promote a Colorado interest and get the whole of the oil business instead of twenty-two per cent. that we get out of this pool.

Q. It is in evidence before us that the rate which is charged from the Missouri River to Denver on the manu-

factured articles of boilers; that the rate on the materials that go in the aggregate to make up boilers when brought from the Missouri River that the rate is just the same or less on the boilers as the material; that is to say that the rate on boilers—we will say one dollar per hundred—that the rate on boiler iron, bar iron, nuts, that the things going to make up a boiler is a dollar, while the rate on boiler tubes, bolts and many other things that go into the boiler, wire rope and such things as these, are all very much more than one dollar, so that when everything is brought together that goes into the boiler, it costs a great deal more than the boiler; hence they are not able to make boilers for that reason, if for no other, in this country?

A. The classification that exists now was made some years ago, when the manufacturing industry in this State was circumscribed; I don't know that there was any manufacturing at all; as far as boilers are concerned, we were solicited, from time to time, to make low rates on machinery and induce other roads to make low rates, because it was claimed that mining was the principal industry, and in lowering the rates we were procuring for the miners and mills an advantage that would increase the output of ores, bring more people to the State and benefit us in many ways; that is the reason why machinery was classed low west of the Missouri River; the last two years we have been solicited to make changes; for the last several years the railroad companies have not been maintaining their prices very well; most everybody in the State has had the benefit of low rates; what would be of disadvantage to the manufacturer would be of advantage to the men who live here; we now have rates restored, and we invite the manufacturers to meet us; we want to arrange any seeming inconsistency in our classification; we have got to bear it in mind that there is a class of people in this State who object to this very thing; they don't wish to be limited in their market; some want to go to California to buy; we are now hauling in machinery from California at West Cliff, to the Bassick mine; so it is in other portions of the State; whether that machinery can all be made in this State or not is a question that is debatable; some claim it is the true interest of the State to purchase where they can get it the best and cheapest as to quality and price; cut down the manufactured iron to fifty and the pig-iron to twenty-

five; that shuts up the mills in this State; we have no further use for the large product of this country.

Q. (By Rollins.) They don't make any complaint at pig iron at fifty; leave the pig at fifty, the manufactured machinery at one dollar, and get the material between the pig iron and the manufactured boiler, so it shall be between the two?

A. The Colorado Coal and Iron Company have furnished a large amount of the iron that comes here; we are perfectly willing to put an appreciable difference between the two or correct the inconsistency of making machinery and manufactured iron the same rate. In the past we believed we were aiding the State in making a low machinery rate.

Q. You think there is some justice in this complaint?

A. Yes, sir, just now; if they can show us that they have the coal and the iron and the coke here, we are willing to help them, but when they expect to bring everything from the East, we can't stand that. ✓

Q. The same complaint comes from the carriage men?

A. Mr. Crosby answered that; they have a low rate on wagon wood; the rate on carriages is quite high; we think so from the constant applications to reduce the rates; while these people want the rates held up, there is a large element want the rate cut down. On soap we have been asked to lower rates to seventy-five cents a hundred. They tell us the rates are too high; we want fair rates, so people can live cheaper here; if you fix our rates and don't cut them down, there will be just as powerful arguments on the other side.

Q. Do you know anything about merchants getting rebates?

A. Yes, sir. I guess they all get them at times, when the railroads get to cutting. *rebate*

Q. Only when they are fighting?

A. I know of none.

Q. It is represented to us that merchants who bring large amounts of freight into the State, that they get a rebate in one of two ways, either by a discount from their bill, or by making the rate of shipping at much less than the published rate?

A. I can conceive of no necessity for doing that when rates are restored to local points on our roads; we are not

permitted to cut rates from Missouri River or California points, that is true; they have been cut a good deal for the last several years.

Q. To change the line of inquiry, I will mention another branch of complaint. It is said that freights from the Pacific Coast, freights on what they speak of as fifth-class—goods which, we are told, includes sugar, rice, dried fruits and canned fruits, and many classes of groceries, products of the Pacific Coast which are imported from that way. The rate of freight to the Missouri River towns is one dollar, while the rate to Denver is one dollar forty cents; they say that that shuts them out of the market, because merchants can buy cheaper at the Missouri River?

A. The rate on sugar to the Missouri River has been seventy-five cents, while it was one dollar and forty cents to Denver; that has nothing to do with the Colorado trade. We, in conjunction with other lines, form a line from California to the Missouri River, and compete with others to those points; that is the reason why the rate is a dollar a hundred to the Missouri River, or a dollar and five, and a dollar and forty to Denver.

Q. A sheet was exhibited to us here at our last meeting, which indicated that the freight to the Missouri River points and all points in Colorado, Kansas and Nebraska, east of the Mountains, was the same to Utah points, so that the merchant in Kansas City or Omaha, St. Joe or Leavenworth, could buy his goods in San Francisco, have them shipped to his place for a dollar, and shipped to Utah at the same rate that the Denver man can. Have I stated my point clearly?

A. No, sir; I think not. We ship sugar to the Missouri River to-day.

Q. The rate on sugar, we are told, to the Missouri River from California is a dollar. To Denver it is one dollar and forty cents; the rate from Kansas City to Utah is the same as it is from Denver to Utah, so that the Kansas City merchant has forty cents in his favor against the Denver man. Do I make myself clear?

A. Yes, sir. They have imposed upon you.

Q. It is said that that freight tariff marked "Exhibit 6" sugar is fifth class, which is one dollar or seventy-five cents to the Missouri River and one dollar and fifteen cents

back to Utah. Is it true that the rate from the Missouri River points to Utah is the same as to Denver?

A. No, sir. That would not have anything to do with Denver. The rate is three dollars a hundred from Kansas City to Utah, and two dollars and ten cents from Denver.

Q. Is the rate the same from Kansas City to Utah as from Denver to Utah?

A. No, sir.

Q. Don't that say Denver to Salt Lake?

A. I understand that; but there is a local tariff in force between Denver and Salt Lake City. The Union Pacific made the same rates from the River to Salt Lake as from Denver to Salt Lake; but when the rates were restored that was one of the conditions of the agreement, that we should have a less rate than obtained from the River points. We had the nail rate made; to-day we are supplying the entire Territory of Utah with nails. We never would consent to restore rates until this position of the Denver and Rio Grande road was recognized that Pueblo should have lower rates to Utah than the rates from the Missouri River to Utah.

Q. What are these rates?

A. I think it is seventy per cent.

Q. Are you a member of the Utah Traffic Association?

A. I am; yes, sir.

Q. Your company is.

A. Yes, sir.

Q. I read here: "Rates between the points named below—Council Bluffs, Omaha, Pacific Junction and all points in Kansas, Nebraska, Colorado and Wyoming, east of Cheyenne, Denver and Pueblo?"

A. You don't take the tariff right; it is East of Denver.

Q. You say the rates from Denver to Salt Lake are lower than from the Missouri River to Salt Lake?

A. Yes, sir; you take nails—Fifth Class—I think you will find it one dollar and a half; the rates on nails from Pueblo to Salt Lake; we should not charge one dollar and a half, I think the rate is about ninety cents; the Colorado Coal and Iron Company are doing the entire business of Utah. We are doing some local business between Utah and Colorado now. As far as the coke trade is concerned, that is another concession that we made; we are now furn-

ishing all the coke from Crested Butte used by the smelters in Utah.

Q. Do you know anything about the arrangement between your company and the Atchison, Topeka and Santa Fe road by which the Denver and New Orleans road suffers?

A. I don't know of any arrangement by which the Denver and New Orleans suffers. We have an old arrangement made before the Denver and New Orleans road was in existence, we are simply living up to it to-day. The Denver and Rio Grande, in connection with the Santa Fe road, forms a road from the Missouri River to Denver; it is a long line; we would not probably be recognized by the northern lines were it not for the fact that the Denver and Rio Grande road, with its seventeen hundred miles of road, compels admittance to the pool; we do it on the ground that we have an immense amount of business to exchange—we demand recognition in the Colorado Pool; if we only had one line from Denver to Pueblo it would be different; it is simply a question of territory that enables us and the Santa Fe to form this line together. Without this arrangement the Santa Fe would share a little in the business of Denver; on the other hand we, with the Burlington and Union Pacific, demand of the Santa Fe that they allow us fifty per cent. of the Pueblo business, because we can extend to them the territory. Until the Denver and New Orleans have the same business that we have they cannot enter the pool on the same terms. It is a question of reciprocity. We say to the Burlington, if you treat us fairly we will give you a share of the business off our roads if you recognize our claim to Denver, and the same to the Union Pacific.

Q. What would be the effect on your business if the Santa Fe were compelled to receive and do business with the New Orleans, the same as the Denver and Rio Grande?

A. They have in their list of stockholders a large number of shippers that would give them some business.

Q. Before the Denver and New Orleans was constructed, was there nothing along the line of the Denver and New Orleans to furnish them with freight?

A. I think not.

Q. Was there nothing along their lines that would produce business if they had begun?

A. I don't know what business except a little wool.

Q. Are there no coal fields on their line ?

A. The coal is trifling, because they haul it for almost nothing.

Q. It was said to us at one time, while the coal fields at Coal Creek and vicinity were closed, on account of the strike, that they had orders for coal, on their line of road as far east as Halsted and made some shipments, and immediately, as soon as it was discovered where it was from, they raised the rate from three to ten dollars a ton ?

A. That may be true because the Santa Fe has coal of their own ; they don't take coal from us ; we have been trying for some time to get them to take our anthracite.

Q. You think that it is very probable that they did do it ?

A. No, I don't say that ; I would do it, however.

Q. (By Mr. O'Driscoll.) You will be back to-morrow ?

A. Any time you want me.

The Special Committee on Railroad Investigation met at room 4, Barclay block, at 2:30 o'clock P. M., Wednesday, February 11, 1885, pursuant to a call of the Chairman.

Present—Gilmore, Chairman ; O'Driscoll, Rollins, Stirman and Hinman, associate members of the Committee, and the following testimony was taken :

A. S. Hughes being re-called, testified as follows :

I have received the following message: (Witness here reads message marked "Exhibit 8).

"No parties are now, or ever did, ship coal from Florence or Coal Creek at better rates than they obtain from Canon City.

R. S. S. ANDROS, *Agent.*"

Also the following (marked Exhibit 7):

"I have no knowledge of any discriminations on the part of the D. & R. G. Railroad against me on shipments of flour to points West, as against Florence, Coal Creek, or any other Eastern point.

(Signed)

J. P. CHAPMAN."

This is the only miller at Canon City. I believe one of the questions that you asked me was, if it was not true that lumber was shipped to Parkdale and from there to Grand Junction.

Q. The point was that lumber could be shipped from Canon City to Parkdale and re-shipped and save money by doing so?

A. That statement is based on the erroneous idea that the distance tariff can be used in connection with other tariffs by simply picking up the two tariffs and putting them together. Here is a case in point, where a gentleman shipped a car load of lumber to Parkdale; afterwards the shipment was ordered re-billed from Parkdale to Grand Junction. It was billed at lumber rates. This gentleman supposed that he could take advantage of the two tariffs and thereby defeat our regular rates. When he tried it he found out that our rules are automatic and work without anybody being around. Here is one of the rules:

(Witness reads from book of rules.) "It frequently happens that shippers at points along our line endeavor to defeat the through rates to points on the line of this road, by billing freight to a local point to a fictitious name, and then having the freight reconsigned to its proper destination."

By adding the two local rates thus obtained, it frequently occurs that the rate obtained in this manner is less than what the through rate would be from original shipping point to final destination. Where agents are offered such freight, they will ask the general freight agent for instructions and rates before receiving the same.

(Witness also reads Exhibit 9, as follows:) "When any freight comes to your station from any other point on this line, or Denver and Rio Grande Western railway, and the same consignment is offered you for reshipment to any station on this line, you must wire this office for rates, giving all particulars before forwarding or billing the same."

This does not refer to California business to be rebilled at Pueblo. Agents will be held strictly accountable for any violation of these instructions.

This gentleman shipped to Parkdale, and from Parkdale shipped on to Grand Junction; he billed this as one car of lumber; at Grand Junction, instead of being charged at the rate of sixty-two cents a hundred—twenty-two from

Denver to Parkdale and forty from Parkdale on—he found his rate was about eighty cents a hundred. In addition to all that, we found out that his car of lumber contained various other things.

(Witness here reads a list of the articles.)

We have no tariffs on the D. and R. G. road discriminating against Cañon City. To show how we treat the people of Cañon City, here is a circular issued January 1st, putting them on the same basis with Denver and Pueblo: "Special rate No. G 10.

For all from Cañon to Cotopaxi and all points north and west on D. and R. G. railway, on all freight. Rate, difference in through rates named from Denver in tariff No. 23." (Exhibit No. 10.) That enables the people to ship a car load of freight from Denver to Cañon, if they choose to; they can sell it and ship it out again; that is all they ask.

Referring again to that distance tariff, it reads here as follows: "The following rates are to be used between stations when no other rates are provided by regular or special tariff, or advices from the general freight office." This is simply to use when we have no regular printed tariff.

[Distance Tariff, Exhibit No. 11.]

Q. I understood you yesterday that the length of your road was seventeen hundred miles?

A. I spoke about the system.

Q. What is the actual length of the road belonging to the D. & R. G. Company?

A. Thirteen hundred and five miles; that don't include the side tracks, that is the main line.

Q. I believe it was in the statement of Mr. Wolcott that the construction of this thirteen hundred miles of road cost about thirty-five millions of dollars, more or less; do you remember the exact amount of it?

A. That is a matter you had better ask Mr. Jackson about, or Mr. Whitbreck. You asked me yesterday about the sugar rates; if it would be a saving to ship from California to the Missouri River, and ship back again to Salt Lake, and shipping from California to Denver and back to Salt Lake. The rate from San Francisco to the Missouri River is one dollar a hundred; from the river to Salt Lake, one dollar fifty; the rate from California to Denver is one

dollar forty, and from Denver to Utah one dollar five cents a hundred, making a difference in favor of Denver.

Q. (By Mr. Rollins.) These figures that you just gave are regular schedule rates?

A. Yes, sir; subject to railroad rules; in regard to that petroleum I find an inquiry was made on crude petroleum; while thirty-three cents per hundred is the regular tariff this gentleman was offered thirty cents a hundred; we have never been advised whether he proposed to ship. If there was anything that would warrant us looking into it ourselves, we would be too glad to have them develop the plant or the wells so we could control the trade West. Here is the tariff you showed me yesterday. It makes the tariff from the Missouri River to Utah points at three dollars a hundred, that is the rate from the Missouri River to Utah.

Q. And all points east of Denver?

A. Yes, sir; there is no business east of Denver; here are the rates that are in effect from Denver: First class, two dollars ten cents, as against three dollars; second class, one dollar and seventy-five; third, one dollar and forty; fourth, one dollar and nine; running down until they reach fifty-six cents.

Q. Take first-class rate from Denver to Salt Lake; what would be your regular rate?

A. Two dollars and ten cents.

Q. How much from the Missouri river?

A. Three dollars.

Q. What would fifth class be?

A. The rate is one dollar fifty cents from the Missouri river.

Q. How much from Denver?

A. One dollar five cents.

Q. The fifth class, I understand, includes groceries?

A. Yes, sir, it is impossible to ship that class of goods to people in Utah; they buy all their goods from the East and the Pacific coast; California is largely a competitor with the Eastern States on all that goes to make up the principal articles used for the trade in Utah; for instance, canned goods, coffee, rice and dried fruits, liquors, cigars and machinery, indeed, they have hauled nails from California to Utah, because they receive them from the East by water at very low rates; they have shipped them at thirty-

five cents a hundred; that is the reason why the nail rate is sixty-five cents a hundred from Pittsburg to California by rail to-day. You can see that the charge made yesterday, that the tariff from the Missouri river and Denver to Salt Lake are the same, is not true. There are a number of special rates we make other than these when we can promote any business between two States by making a fair tariff; for instance, on apples, potatoes and salt, it is the habit of railroads to make these special rates and publish them; I only mention that so that you will distinguish between any cut rates and special tariff.

Q. What class is nails put under?

A. Fifth class; they were at one time fourth class; they were lowered to Class A after the Colorado Coal and Iron Company were fairly under way; we entered into pooling arrangements with the Union Pacific road, so they ceased their opposition to the Colorado Coal and Iron Company.

Q. I invite your attention to exhibit number four, in evidence before this Committee, upon which appears the following words: "Applies only on shipments from jobbing houses, on goods shipped in; does not apply to home products governed by New Mexico and Arizona classification; J. F. Goddard, G. F. A." Special rate number eighty-nine issued by the Atchison, Topeka and Santa Fe, of date January 1st, 1882. This Committee are told that the rate that is there indicated is only as compared with the published sheet of that year for the regular prices; that that is somewhere about thirty-three per cent. higher than this; do you know whether that arrangement continued for any length of time?

A. I don't know; doubtless it did; it is perfectly proper if they did continue it; that all operates for the benefit of Colorado; how any Colorado man could object to that I don't see; that is a special tariff, made for the benefit of Colorado shippers, allowing them to enter territory other than their own; it is a concession on the part of the Atchison, Topeka and Santa Fe; their line runs to Socorro; they are willing to say to the Denver and Pueblo merchants, if you will give us a fair share of your business, we will move your goods at a rate that will enable you to compete with Kansas City.

Q. Would not the effect be to discriminate against any that manufacture at Pueblo?

A. No, sir; the tariff would enable them to ship; the Santa Fe have always been very fair to us.

Q. Unless there was some special arrangement to enable them to ship out, that tariff on its face would discriminate against them?

A. I suppose it would, but that gives Pueblo and Denver a chance to extend their trade as far as Deming.

Q. Provided the goods have been shipped in?

A. No, not provided that; that is a fallacy. The goods may come over other roads as far as Denver; we haul them to Pueblo.

Q. If you should issue a special tariff to the effect that goods previously shipped in should be sent to the same point for a dollar and twenty five cents a hundred, you would not consider that a discrimination against Denver manufacture?

A. Yes, sir; but these articles are not manufactured here. I know that they allow us to make a rate to take potatoes, flour and nails to all points in New Mexico to-day.

Q. From the testimony of a previous witness we read that about nine cents per ton per mile was charged at that time on silver lead and silver copper ores from San Luis valley to Cañon City, against five cents per ton for the same ores, hauled over the same line, shipped through Cañon City to Denver, one hundred and sixty miles further. The railway company at the same time was hauling from Hot Springs, ten miles beyond Villa Grove, at two cents a ton?

A. I believe that I said that that statement was not true; the rate from Villa Grove on our road is thirty cents a hundred to Denver, on low grade ore; on bullion, forty-five cents per hundred. The same rate applies to Denver, thirty-five and forty cents, respectively; the same rate applies to Pueblo. There is the tariff of this company, (witness producing Exhibit No. 13.) It can be verified by the proprietor of the Royal Gorge Smelting company.

Q. Where is that?

A. At Cañon City. As for the iron rate for the C. C. and I. company, that is perfectly proper; the difference in value justifies the difference in rates.

W. S. Jackson being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your full name?

A. William S. Jackson.

Q. Where do you reside?

A. Colorado Springs.

Q. What is your present business?

A. I am Receiver of the Denver and Rio Grande railroad and carrying on banking business at Colorado Springs.

Q. How long have you been Receiver?

A. Since July 11th last.

Q. How long connected in any way with the Denver and Rio Grande Railroad?

A. I have not been connected with it since 1876, until I was made Receiver; have had no connection whatever, neither direct nor indirect.

Q. There has been evidence introduced before this Committee in regard to some matters that transpired between the Denver and Rio Grande Railroad Company and the Caldwell Coal and Oil Company, in which statements were made that the Caldwell Coal and Oil Company undertook to do some business over the line of the Denver and Rio Grande Railroad Company, in pursuance of some agreement made with the former President, Mr. Lovejoy, by which they were enabled to ship coal from Cañon City to Leadville, and it is said that after they developed their mine and prepared the road, upon which the Denver and Rio Grande Company laid the iron, and they had begun to ship coal to Leadville, at a rate in accordance with the agreement that had been entered into with the railroad company, they raised the rate so as to cut them out or refused to carry their freights at all. Do you recollect about anything of this kind?

A. Yes, sir; I don't remember whether the railroads refused to carry their freights at all; we did raise the rate from three and a half to four dollars.

Q. Didn't you cancel some agreement?

A. When I was made Receiver, Mr. Norris came to me and said to me that he had an agreement with the Denver and Rio Grande Railroad, or Mr. Lovejoy, and the Caldwell Coal and Oil Company, were in partnership and he sent me a copy of that agreement,

by which Mr. Lovejoy agreed that the Coal Company should mine the coal at cost and the Rio Grande Company carry it at costs and divide the profits. I said I would not carry out any such agreement; then they commenced to ship coal, and we charged the same rates as to the Colorado Coal and Iron Company, although there was a contract by which the C. C. and I. Company was to have the preference; but I waived that. They were not long carrying coal to Leadville before I found there was some difficulty about prices; they were being cut. The first thing that I knew was that the Caldwell Coal and Oil Company had made time contracts below what it was possible for them to ship coal in at the rates we were charging, amounting to forty-two tons a day, which they agreed to deliver. They turned these contracts over to the Union Pacific people, by which the Denver and Rio Grande Railway lost forty-two tons a day of freight. To protect ourselves we immediately took steps to see if we could get it on a proper footing. These people were shipping on the Denver and Rio Grande Road, and made contracts and turned them over to the Union Pacific, and we did, without any positive orders, what we could to stop the shipment.

Q. It is further in evidence that Mr. Norris went to Mr. Jackson in regard to putting in a yard in the vicinity of the freight station of the Denver and Rio Grande Railroad Company at Leadville, and asked to put in a yard on their grounds and Mr. Jackson refused that.

A. I did not; I said I would look into the matter. He wanted to know why they should not be put on the same footing with the C. C. and I. Company. I told him the C. C. and I. Company had claims that I was obliged to recognize; that I didn't feel he was in the same position.

Q. The inquiry was put to Mr. Jackson, if we would purchase the ground, if he would lay a switch, and he said no.

A. I said I would look into the matter, whether there was a necessity. We do not put in switches for everybody that comes and asks for them, without proper examination as to the circumstances connected with the case, and we are not bound to; and most railroad companies don't put in switches, except at the expense of the parties themselves.

Q. He also says a few days afterwards—fourth of Au-

gust—received a telegram by the agent of Coal Creek, as follows:

“Have orders that I can furnish no more cars to the Caldwell Coal and Oil Company, or the Pittsburg Company, until further notice.

R. R. B.”

Standing for R. R. Borst, Assistant Superintendent?

A. There never were any orders that I know of. I did say we would stop that business until we could straighten things out. Mr. Borst is a Division Superintendent and would have charge, of course, at that point.

Q. This telegram he received to the C. O. Company:

“I have instructions from Receiver not to furnish any more empty cars until further notice.

J. K. SWEENEY.”

A. He never had any instructions from me; might have assumed that I wished it stopped. I merely stated that we would stop that business until we could get matters straightened up.

Q. Then he says he sent a telegram inquiring whether there were any empty cars. Some of his agents sent word back that there were empty cars but have instructions to remove them that are on a side track.

A. I don't know anything about that.

Q. How long has that matter continued by which the Caldwell Coal and Oil Company have been prevented from having freights at the same rate as the C. C. and I. Company?

A. Always had the same rate when we shipped for them at all.

Q. You would not receive to ship for them at all on account of this difficulty?

A. I thought that was the proper way to meet the case. They are shipping now at the same rate.

Q. Are they shipping to Leadville?

A. No, sir; I said you can't go into that market without demoralizing it. There are different factors and different interests to consider. I saw it would mix our rates. As we are very poor and don't make enough to live on, I desired to keep the rates as good as possible.

Q. They are shipping to other points than Leadville?

A. They are shipping to all other points as far as I

know of; this arrangement was made between myself and Mr. Caldwell, and about the time of the Leadville difficulty a strike occurred, by which their men were out until within perhaps six weeks, when their men went back to work; Mr. Caldwell came to see me; we talked the matter over, and we arranged it that they might go on, but keep out of the Leadville market.

Q. Are they able to receive provisions and powder, and things which they consume, at the rate which is given the C. C. & I. Co.?

A. I don't know, but I think that I would be safe in saying that they get the same rates.

Q. There is testimony to the effect that a lease on a yard in the City of Denver was cancelled to their disadvantage.

A. They had a lease in the center of our yard in Denver, at a point that I thought it unwise for the railroad company to give up control of; as soon as I found out the terms of the lease, I gave them notice that we desired that property at the end of sixty days; they had a fence around the center of our yard in West Denver; I didn't propose that they should have control of that yard; I sent for the man and paid him a full round price for every particle of improvements that they put on it; I state this fact that it can be seen that it was done in a business-like way; if anybody makes a charge, I am willing to throw the whole subject open.

Q. At the present time, have the Caldwell Company equal facilities, except so far as Leadville is concerned, with any other company doing business in that locality?

A. The same rates are charged.

Q. Have they facilities for cars?

A. I told Mr. Caldwell I would give him ten cars a day; they have never been able to ship the ten cars; they average seven cars.

Q. I will ask you in regard to this yard lease, whether that yard lease was not cancelled for the purpose of giving it to a gentleman by the name of Howard, and whether that yard has not, since that moment, been idle?

A. The yard is idle to-day, but we have control of it; from the point that I looked at it, I thought that a mistake had been made; it was our right to cancel it without any payment, but we paid for it.

Q. (By Mr. Rollins.) You say that you found there was likely to be difficulty between the dealers of coal at Leadville; then you stopped shipping for the Pittsburg Company?

A. Yes, sir.

Q. In what respect was the railroad company interested in that controversy between coal dealers in Leadville?

A. The railroad company would not have been directly interested except that in holding their business; it resulted in the Caldwell Company turning over time contracts to the Union Pacific people, who agreed to fill them; they, the coal company, had made contracts to the various consumers in Leadville that lost the trade to the Rio Grande; it was to prevent that that I took action; these contracts they could not fill.

Q. Why could not they supply these contracts?

A. Because they had taken them at too low a price; my disposition was not to ship coal until I could get the matter settled; this is the first difficulty that we have ever had; this is the first outset of the company; the first move that they made was to destroy the business of the road.

Q. Did your contract with the Caldwell Coal and Oil Company require them to ship any given amount per day or week, or otherwise?

A. After I took possession of the road they had no contract with the road; I settled that at once that I would not live up to the contract which they had made with Mr. Lovejoy; I thought that it was not a proper thing for the road to be engaged in.

Q. I understand you to say that there was a contract prior to your receiving the road between the Denver and Rio Grande and the C. C. & I. Company for the shipment of coal; did you regard yourself as bound to carry out that contract?

A. No, sir.

Q. But did that contract figure with your dealings with the Caldwell Coal and Oil Company?

A. If you will allow me to make a full statement you will see.

Q. Very well.

A. In about the year 1873 the Denver and Rio Grande road was built to Pueblo; they wanted to build it

to Canon City. The C. C. & I. Company owned certain lands in and around Canon City, and lands at South Pueblo; Palmer found it difficult to raise the money. This company raised the money for them, with which forty-two miles of road were built. From what this company raised as part payment of this, they entered into a contract by which the company should carry coal for them, which was, in my judgment, a righteous and proper contract. Then it came to pass that Palmer got into another difficulty; another company of gentlemen bought up certain properties around Trinidad, Huerfano and various points, and turned over half their interests to railway company; and through that stock he was enabled to borrow money for the completion of this road to Trinidad. Thus there were two companies formed for the development of properties on the Rio Grande road that had been instrumental in aiding him to build the road. They entered into this contract which was fair on both sides; such a contract as Mr. Rollins or any of these gentlemen would want to make. In the year 1880 or 1881, in order to develop the industrial resources along the line of the road, Palmer got a certain number of gentlemen to put up money for steel works at Pueblo; these two companies were used again, and all were consolidated. About two and a half millions of dollars of fresh capital were expended; then these two contracts were consolidated into another contract, the whole thing was called the C. C. and I. Company. He gives in this contract to these people certain special privileges; these men had put in a large amount of money; we felt and feel now that this is a righteous and just contract. They had united with Palmer in development of all his coal beds and ore beds, and they are entitled to have a clear bargain. There is nothing dishonest or unfair, nothing that the railroad companies cannot in honor consent to; this has been a bugaboo to a great many people; they have said that the railroad companies were acting dishonestly; there is nothing of that kind.

Q. Are you not now practically carrying out the contract as Receiver with this new company, the C. C. and I. company?

A. In so far as I can do it legally, I am.

Q. Did not the Colorado Coal and Iron company have

exclusive right to ship over the Denver and Rio Grande road to certain points from Cañon?

A. No, sir, they had the same terms open to them as to other shippers.

Q. As that contract is executed to-day, are other persons allowed to ship coal from Cañon to Leadville, over the Denver and Rio Grande road, not connected with the party there for whom the road has been shipping?

A. There is nobody that has wanted to, or that has applied to do it, except the Caldwell Coal and Oil company.

Q. Have not parties at Leadville solicited from the company, since you have been Receiver, to haul coal from Cañon to Leadville, other than Mr. Harvey? Have they not solicited such shipments in smaller quantities, which have been refused?

A. Not that I know of; I don't remember such request; it might have been.

Q. Under your present arrangement with the party to whom you are shipping coal from the Colorado Coal and Iron company's mines to Leadville, is it permissible for private individuals, not engaged in coal trade, whether for domestic or mining business, to ship in smaller quantities, other than the Colorado Coal and Iron company?

A. I don't know that we have any request for such shipments; it certainly would be granted at certain rates. The Denver and Rio Grande railway ships no coal and mines no coal for itself; that was what I objected to in Caldwell Coal and Oil contract; we prefer to deal with one party rather than with twenty in the management of the coal business, as we believe that the development of the coal trade has been greatly advanced by dealing with the C. C. and I. company. We have charged what the business would stand; have had nothing to do with the mining of it or selling; are not mixed up with it, directly or indirectly.

Q. How much under your present rates for hauling coal for Mr. Harvey (assuming him to be the principal dealer in Leadville), how much would it be increased—the freight per ton, for individuals—other than the dealer in Leadville in their coal—if coal was shipped by private individuals for personal use?

A. This is a question of rates that I cannot talk about.

It would be at least fifteen per cent. We are hauling for the Caldwell Coal and Oil Company to all places, except Leadville, at the same price as the C. C. and I. Company.

Q. Can anybody go into Leadville, other than the Colorado Coal and Iron Company, without paying a higher rate than fifteen per cent., or than that company?

A. That would depend upon circumstances.

Q. Have they been there?

A. No, except the Caldwell Coal and Oil Company.

Q. Do you remember how much coal was cut in price by reason of the Caldwell Coal and Oil Company going in there?

A. I know the contracts were six dollars and a half, and six and a quarter.

Q. Do you know what Mr. Harvey has received since?

A. No; I dont.

Q. You say, in 1873, when the Denver and Rio Grande road had reached Pueblo, not being able to proceed, the Colorado Coal and Iron Company entered into a contract, by which they advanced their money to build up the cañon; under this contract, did the persons at that time composing the Colorado Coal and Iron Company, were they not in a large measure the persons that composed the Denver and Rio Grande Railroad?

A. Very many were; but not by any means the same set of subscribers; some of the men were in one that were not in the other; it was a matter of negotiation entirely. The C. C. and I. Company took the bonds of the railroad company, and floated their own bonds to raise the money.

Q. Are you able to state what proportion of the stock of either of these companies was at that time owned by persons in the railroad company?

A. I could only guess. I should say, perhaps, half; that is only a guess.

Q. Do you know why the contracts of the Caldwell Coal and Oil Company were turned over to the Union Pacific Railroad Company?

A. Because they could not fill them and make any money.

Q. At the rates they were paying you?

A. Yes, sir.

Q. Can you answer this: How could the Union Pacific Railroad Company fill these contracts at these figures

if the Caldwell Coal and Oil Company could not fill them?

A. The Union Pacific Company own their own mines and mine their own coal, and have no intermediate parties; if they choose to sell their coal they could make their own price; they do their mining, we don't.

Q. Is it not true, Mr. Jackson, that the contract which was turned over to the Union Pacific Railroad Company was offered to the Colorado Coal and Iron Company by the Caldwell Coal and Oil Company prior to its being sold to the Union Pacific Company?

A. I never heard of anything of that kind. The railroad company could not take any part in such a contract.

Q. Do you know whether there has been any difficulty in the Caldwell Coal and Oil Company obtaining cars to ship their coal prior to the time this contract was turned over to the Union Pacific Company?

A. I don't know that there has been?

Q. Do you know there was not?

A. I did not know anything about it until they came to me telling me of a difficulty that arose in the coal business at Leadville.

Q. Was not an order issued or suggestion made in effect, which resulted in withholding cars from the Caldwell Coal and Oil Company to the extent that their business was embarrassed before these contracts were turned over to the Union Pacific Company?

A. Not that I know of.

Q. Do you know, or did you know, the date at which these contracts were turned over?

A. No, sir.

Q. Are you able to get at the date when complaints were being made in the facilities for shipping?

A. I should say that it was in August.

Q. Do you know that after what you call the rates being cut, that is, the Caldwell Coal Company got to selling less than Mr. Harvey, that Mr. Harvey reduced the price to theirs and below?

A. I don't know that; I know that the rates were demoralized. The first thing I knew about it was when I found we were beginning to lose our trade.

Q. Were you not informed by persons connected with the Caldwell Coal and Oil Company that the contracts

would not have been turned over to the Union Pacific Company had it not been for the fact that they could not get cars on which to ship coal and keep up their trade?

A. I don't remember.

Q. Don't you recollect that, in substance, that information was furnished you?

A. We were forced to it—we were losing the trade.

Q. Do you not know that you would have retained that trade and they would have continued in the business if you had furnished them cars as readily as you did the Colorado Coal and Iron Company?

A. No, I don't; because they could not have furnished the coal at that price.

Q. (By Mr. Stirman). Is it by reason of the Denver and Rio Grande owning the road from Buena Vista to Leadville that prevents them from shipping in there?

A. No; they, the Union Pacific, cross our line at Nathrop and run up to Buena Vista, and from there around near Fairplay and thence by the High Line to Leadville.

Q. By what means were you enabled to shut them out of the market?

A. We were only enabled by an arrangement with them. We took up the question together and determined what would be for our best interests and settled upon a policy.

Q. Was that arrangement made before or after this contract?

A. After. If you will allow me to say what I have, in fact always believed, is that the Caldwell Coal and Oil Company have determined to make trouble for the purpose of selling their property. Since they have their own attorney here, I was not permitted to be here during his examination. We had other contracts with the Union Pacific so we could cut them in other places. They had asked us to protect their interests in Utah. We restored the rates in Utah. When they made this arrangement with the Caldwell Coal Company. We notified Mr. Kimball. He claimed that the party making the contract was unauthorized.

Q. (By Mr. Rollins.) Then we understand from your testimony that the present prices of coal at Leadville are restored and maintained from an arrangement between the Denver and Rio Grande Company and the Union Pacific, by

which no other parties shall ship coal in there, less than present rates?

A. Practically, I should say that that was true. While we have nothing to do with the mining or selling of coal, the freight rates are all we look to. The Union Pacific agree to sell at a fixed price and we agree to sell at a fixed price (that is an arrangement between the Coal companies). I never make the price, only the freight. Have no interest in the selling of coal, only so far as it affects our business.

Q. Is not the practical effect to secure the coal trade of Leadville to one party alone, to the exclusion of other parties?

A. It has not been, because there have been no other parties on the line that had coal mines opened, except this Caldwell Coal Company.

Q. (By Mr. Stirman.) Do you know who cut the rates at Leadville first?

A. I don't, and it don't make any difference. Harvey says it was the Caldwell Coal Company, and he could prove it. Caldwell says that it was the other, and he could prove it.

Q. Do you say to this Committee that, but for this cut in rates, the Caldwell Coal Company would still have been shipping there?

A. So far as I know they would. There was a strike at Coal Creek; there was no coal shipped by them for some time—say about four months. Mr. Caldwell came to me and I told him what I would like to do, and he agreed to do it.

Q. (By Mr. O'Driscoll.) I have got an idea in my head that I would like to know the cost of that railroad, and see if it corresponds with the idea that Mr. Wolcott gave us in his speech.

A. The actual cost, as near as I can give it, including the equipment, is about thirty-four millions dollars; about five millions went into equipments—five and a half.

Q. You say equipments, that means the rolling stock?

A. Yes, sir.

Q. Does not that rolling stock belong to the company, separate and apart from the road itself?

A. Yes, sir; that is alone separate and apart.

Q. That is independent from the road-bed company?

A. Yes, sir; it is not a matter essentially so; that

rolling stock was bought on time contracts, the interest paid, from year to year and ten per cent. of the principal; at the end of the time, the mortgage holders have a lien on the property.

Q. Who are owners of the property when paid for?

A. The mortgage covers it all.

Q. Suppose the mortgage was off?

A. The stock holders.

Q. And the road bed?

A. The holders of the franchises of the Rio Grande road.

Q. I believe that Mr. Wolcott said that there was about one million dollars in the hands of the Receiver, to be applied to something, he did not say what?

A. I wish there was. I think that you misunderstood Mr. Wolcott; he said that the net earnings of the whole line is about one million dollars.

Q. Will you explain how that million dollars is to be applied and to what?

A. I have a memorandum, thinking that you might ask such a question as that; the net result for the year, after going through with the account, is nine hundred and five thousand four hundred and seventy-eight dollars and eighty-seven cents; that is the net revenue, not net earnings.

Q. What is that nine hundred and five thousand dollars to be applied to?

A. It has been applied in so far as I could use it, to the payment of taxes and floating debt, that was in existence when I came in as Receiver. It has all been consumed; I could consume a million and a quarter more before the bond holders could get a cent. The Denver and Rio Grande Railroad Company is in debt over and above the net earnings of the road, about twelve hundred thousand dollars; the total and interest on the bonds would be about two million dollars in round numbers.

Q. Can you tell at a glance what the floating debt is?

A. Twelve hundred thousand dollars, fully; it was about eighteen hundred thousand; I have paid off about six hundred thousand.

Q. How long since your appointment?

A. I was appointed July 11th; took possession on July 11th.

Q. Could you answer at a glance what your funded debt is?

A. About twenty-eight million dollars, besides the car trusts; the car trust is about three million six hundred thousand yet unpaid; it was five million five hundred thousand.

Q. What is the expense of running the road this year; can you tell at a glance from your return there?

A. We require, I should say, about seventy-five to eighty per cent.; that is only stated in a general way.

Q. So the earnings of the road are six millions?

A. The gross earnings were five millions nine hundred and some odd thousand dollars—five million nine hundred and twenty-eight thousand dollars and seventy-two cents.

Q. Out of that you saved?

A. Nine hundred and five thousand four hundred and seventy-eight dollars and eighty-seven cents; we are glad to give you any information on the part of the railroad; we have nothing to conceal.

Q. I am satisfied of that, and you can give us the information; I would like to know the estimate of the value of the rolling stock as it now stands in the hands of the company?

A. Five million, three hundred and fifteen thousand dollars is what is covered by the trusts.

Q. So five million, five hundred thousand dollars is the running expenses?

A. It comes nearer six million. It is safe to say that it would cost six million.

Q. I understood you to say that the length of the road was?

A. Thirteen hundred and seventeen miles.

Q. The floating debt is twelve hundred thousand, and the funded debt is how much?

A. Twenty-eight million, six hundred and twenty-three thousand; there is unpaid rolling stock, three million, six hundred thousand. If you really want to get at the state of the Rio Grande road, we are perfectly willing to tell everything. I would like to say that we have spent, in building the line of road into the district which Mr. O'Driscoll represents—the San Juan country—five million, eight hundred and thirty-four thousand, eight hundred and twenty-five dollars, exclusive of any interest; that much

cash; there has never been a year since the road has been in operation that it has paid running expenses. In the year 1883 was lost the sum of twelve thousand, seven hundred and eighty-three dollars; for 1884 it could not be less than seventy-five to one hundred thousand dollars.

Q. Was not last winter an unusually hard winter?

A. Yes, sir; but never have we got cost out of it. The same may be said of West Cliff; it lost twenty-three thousand, eight hundred and twenty-eight dollars. Red Cliff paid in 1883; it paid thirteen hundred dollars; in 1884, not at all. Ten Mile, in 1883, paid twenty-one thousand dollars; in 1884, not at all. The Española line, from Antonito to Española and Santa Fe never has paid. Wagon Wheel Gap, including that line from Alamosa to Del Norte, has never paid; has made a small loss every year; losses by operation. So that we have four hundred and ninety-five miles of road, costing eleven million, fifty-seven thousand dollars, that shows an actual loss, and has shown actual losses every year since built, in operating, not to say anything about the loss of interest on the money that these people have put in in this State. In regard to the rates charged, we consider the question, How we can get the most money out of any particular line, what rates can we afford to charge so as not to oppress the business and secure the best return to the road.

TAX MEMORANDUM.

COUNTIES.	TOTAL VALUATION.	D & R. G. Valuation.	D. & R. G. per cent.	TAXES, 1883.	TAXES, 1884.
Arapahoe.....	36,201,720	201,610	.55	6,347 75	6,553 09
Chaffee.....	2,567,044	642,284	25.	25,160 28	24,010 65
Custer.....	1,019,027	76,658	7.52	2,397 37	2,298 67
Costilla.....	780,872	276,635	35.42	5,521 61	5,122 08
Conejos.....	1,573,086	645,866	41.05	18,890 13	16,567 38
Douglas.....	1,328,371	320,573	24.01	5,690 70	5,967 48
Delta.....	473,721	210,390	44.	4,918 30	6,636 86
El Paso.....	4,864,505	457,130	9.8	7,510 26	8,219 18
Eagle.....	370,226	104,488	28.22	4,363 93	3,802 98
Fremont.....	2,405,865	649,105	27.	17,974 99	18,344 30
Gunnison.....	2,931,945	599,977	20.46	24,028 75	17,593 16
Huerfano.....	1,330,028	482,203	36.	11,069 11	11,038 88
Hinsdale.....	611,324	13,500	2.2		474 15
Lake.....	2,896,175	279,137	9.62	12,214 49	11,208 46
Las Animas.....	4,790,917	198,685	4.17	4,371 29	4,238 83
La Plata.....	2,091,841	539,395	25.7	15,273 81	13,936 86
Montrose.....	757,878	284,153	37.5	8,400 55	10,941 31
Mesa.....	1,327,554	472,025	35.5	13,411 58	13,204 57
Pueblo.....	7,671,040	652,113	8.5	20,958 89	19,335 65
Rio Grande.....	1,332,169	311,985	23.41	6,211 67	7,795 78
Summit.....	959,787	147,235	15.34	4,549 63	3,848 91
Saguache.....	1,624,667	374,352	23.	8,652 83	10,468 61
San Juan.....	1,070,938	84,579	7.89	2,885 65	3,737 24
				229,616 87	225,255 08

[Signed]

W. M. HASTINGS.

Coal + Iron

W. G. Brown, being duly sworn, testified as follows:

Q. (By Judge Gilmore.) What is your name?

A. W. G. Brown.

Q. What is your business and residence?

A. I live in Denver and am General Agent of the Colorado Coal and Iron Company.

Q. How long have you occupied that position?

A. Since the first of 1879.

Q. Are you familiar with the operations of this company?

A. Yes, sir, to some extent.

Q. Are you familiar with the cost of production of any of the principal branches of their industry?

A. I am not very familiar with that; have special charge of their commercial business.

Q. Your business is to find purchasers?

A. Yes, sir.

Q. Would you be prepared to tell the cost of their manufactures?

A. Yes, sir, in certain branches.

Q. Merchant bar iron?

A. Yes, sir; I could not give it to you accurately; I can get it; these things vary some with us as with all other manufacturing concerns.

Q. I have particularly in mind one thing; it has been said that if bar iron, boiler iron and other malleable irons could be brought here from the Missouri River at the rate of seventy-five cents a hundred, that the manufacturers of machinery, boilers, for instance, and other machinery used in our mining industries, could be carried on successfully in Denver and elsewhere; I want to ask as to whether if that rate was placed upon that kind of iron it would so far interfere with the manufactures of that iron that you could not be able to carry on that branch of manufacturing?

A. In manufacturing boilers there is a great many things that enter into it; besides, we have not had time for the last six months to put up and build mills; these things are sold very close in the East.

Q. I would like to have confine your thought to that idea of seventy-five cents?

A. The effect of that reduction would take five dollars a ton off from everything that we manufacture.

Q. Would that defeat your manufacturing?

A. Since we are losing money, that would be a further loss of five dollars a ton; our production at the rolling mill in January I think was two hundred and sixty tons of merchant bar iron; that would be a loss of thirteen hundred dollars additional to us at the rolling mill here.

Q. (By O'Driscoll.) Would you prefer to testify by yourself, without the presence of others here?

A. No, sir; I have always understood that this was an investigating committee, for the purpose of hearing complaints against the railroads; we have none to make.

Q. The scope of this inquiry was to ascertain the truth or falsity of certain rumors; anything that we can learn as to the truth or falsity of these statements—these are the things that we want to know?

A. I might make one suggestion; that is this: If you carry your investigation back to the time the railroads were cutting from the Missouri River here—it lasted about eleven months; they hauled iron as low as thirty cents a hundred from the Missouri River; if you will examine some of those people as to how much their business increased on account of this low rate, it might give you an idea of what seventy-five cents would give them.

Q. Might not that have been accounted for that it was not for an unlimited time? If a person took a contract for the delivery of machinery here at a certain time at a certain price, he could not be certain that the freights would continue the same at the time of delivery?

A. He could contract for three months.

Q. Did that cut affect the manufacture of machinery of all kinds?

A. No, sir, it didn't; it was a special fight of the Union Pacific against the Colorado Coal and Iron company, started in Utah and gradually spreading to Colorado.

Q. So far as the lowering of rates was concerned, it affected you disastrously?

A. Yes, sir.

Q. The cut was on your specialties?

A. Yes, sir.

Q. You know of any instances where railroad companies shipping from the East have reduced the rate for the purpose of militating against any other industries of Colorado?

A. I don't know of any ; I have heard of a great many of them.

Q. When did this cut of rates against your company begin?

A. I don't remember ; it was in the latter part of 1883, I think?

Q. Where did that cut begin?

A. It originally commenced in Utah.

Q. So as to cut off your sales in the Gunnison country?

A. Yes, sir.

Q. This extended to Colorado?

A. Extended to Colorado ; commenced, I think, on the 11th day of September, 1883.

Q. I am going to ask you a question which will be a matter of opinion, if you wish you may qualify your statements as much as you please ; of instances where railroad companies shipping from the East have lowered the rates for the purpose of stopping the manufacture of articles in this State other than as far as your concern?

A. I answered that before ; I know of nothing except what I have heard. I do know of one instance in 1876 when I was connected with the freight department.

Q. You may state that?

A. It was relative to the soap manufacture ; the concern that was started here ; the rate that was on soap at that time was sixty cents a case from Chicago to Denver ; after they had begun to get some trade, had probably been running three or four months, made a soap that took the trade.

Q. Have you in mind anything else?

A. No, sir.

Q. When did you commence the manufacture of nails?

A. In the fall of 1882.

Q. I want to ask you whether immediately afterwards, or almost immediately afterwards, if the Union Pacific Railroad Company did not lower the freight on nails?

A. Yes, sir.

Q. What was the rate on nails prior to your manufacturing them?

A. One dollar and twenty-five cents.

Q. How much did they reduce it?

A. To one dollar.

Q. Is that the rate at the present time?

A. Yes, sir.

Q. At that rate of freight you are able to manufacture at a profit?

A. We have been successful for the last few months.

Q. Do you know of any lowering of freight soon after you commenced any particular branch of manufactures that was so near that it seemed to be for the purpose of interfering with you?

A. I guess it might be said so on everything that we have manufactured. The special cut was under Mr. Vining's administration.

Q. Have you had any favors or discriminations in your favor?

A. The only one is the Rio Grande, unless you separate the Colorado Central.

Q. How about the South Park?

A. Never been able to do anything on the South Park.

Q. State how you have been treated by the Colorado roads.

A. Up to within the last ten months—to Mr. Vining's stepping out—we never did anything North or West of Denver, or on the South Park from Denver. Since then that territory has been open.

Q. Has been a change of freight for your advantage in the section that you have mentioned?

A. Yes, sir.

Q. Been able to ship over these roads and compete with Eastern manufactures?

A. Yes, sir; we ship to Georgetown, Central, Idaho, Erie, Greeley and Boulder. Up to within ten months we were not able to do that.

Q. Where do you get your material from?

A. From the Calumet mines, also from the Villa Grove mines.

Q. You commence manufacturing from the ore?

A. Yes, sir; it is made into pig iron, which is puddled and rolled into nail plate.

Q. Purely a Colorado institution?

A. Yes, sir; the only thing that we bring in is hoops.

Q. What do you use for that purpose?

A. We tried the Quaking Asp; we made some of it, but it don't do for long trips.

Q. Where do you get your hoops from?

A. Illinois.

Q. What material?

A. Everything; oak, hickory. We buy them where we can get them cheapest.

Q. You say that when you were engaged in the freight business, in speaking of the soap manufacture started in Denver, that they reduced the freight to sixty cents a case from Chicago?

A. That was my recollection.

Q. What was the rate prior to that time?

A. I think a dollar from the Missouri River and forty cents from Chicago, per hundred pounds.

Q. Has not your success in selling nails in this State been due more to the fact that you make a better nail than to the protection that the freight affords?

A. No, sir; a gentleman was in my office to-day—said that he had an offer of fifteen cents discount on our nails and he would buy them if we didn't reduce to that.

Q. Our men in Leadville say that they buy your nails because they meet with no complaint. I know a great many contractors and builders and others who want your nails?

A. Yes, sir; but come to deal with the dealers, as a rule, it is different. I admit that there is an exception in Leadville.

P. P. Shelby, duly sworn, testified as follows:

Q. (By Judge Gilmore.) Where do you reside and what is your business?

A. I am of Omaha, Nebraska; I am general freight agent for the Union Pacific Railway.

Q. How long have you been in that business?

A. Since November, 1883, I have been general freight agent; and assistant general freight agent from July 1st, 1878, until the appointment as general freight agent, and was local freight agent at Omaha station from October 1st, 1871, until the time I was appointed assistant general freight agent; in fact, I have been connected with the

Union Pacific Railway since they commenced carrying freight, about nineteen years.

Q. Railroads having their lines terminating in this city have the custom of adjusting their freights so as to discriminate against the manufactures and other industries of this city, and we have called various witnesses for the purpose of making inquiries into this matter, and we have suggested to the local officers of the Union Pacific Railway Company that some one come before us representing them for the purpose of hearing what might be said. You will be at liberty to make any statement which you may desire which will bear upon this subject?

A. Mr. Chairman, I would like to take this opportunity of explaining to your Committee the circumstances and conditions upon which all our rates are based for the distribution of freight toward the State of Colorado. No doubt some of these rates may appear too high, that we charge more than the services would justify, and no doubt some rates may appear inconsistent and out of proportion with other rates on like conditions for longer haul; it is, therefore, my desire to explain to the Committee the reasons for making every rate charged by our company for the transportation of freight within this city, and for that purpose I shall consider myself upon the witness stand, and shall be glad to answer anything relating to that subject.

(Judge Gilmore.) We will go ahead with the examination. The first witness whom I see upon the list was one who testified upon iron manufacturing, and the matter of which he complained was the difficulties he encountered in manufacturing iron machinery, such as is used in the mining regions of Colorado, New Mexico, Arizona and Montana, where he finds his market. He complains that he is not able to manufacture in competition with Eastern manufacturers, for the reason he says that the freight rate from the East is so arranged that the cost of the material out of which he manufactures his machinery, the freight upon this material is greater than upon the machinery itself which is brought here from the East.

A. It may be true that the rates upon some of the articles used in the manufacture of machinery are more than the rates upon machinery, but this inconsistency we are endeavoring to wipe out, and we have made a proposition to the other lines engaged in the Colorado traffic to make

the rate on material consigned to manufacturers 90 per cent. of the rate upon the manufactured article. While we are at this subject it may be well for me to state that some years ago the Union Pacific Company reduced the rate on machinery for the purpose of promoting the mining interests of the State of Colorado. This was long before any machinery was manufactured in this State. Now the conditions are changed, and we believe it to be the interest of our company to so adjust our tariff as to encourage to a certain extent the manufacture of machinery in Denver, but it should not be expected that we should carry this policy to such an extent as to injure that portion of your community that use the machinery. We should not be called upon to neutralize by the adjustment of our rates the difference in the cost of labor in the East and the cost of labor in Colorado; hence we must be careful to consider the interests of the entire community when considering the interests of the Denver manufacturers. On the 1st Jan., 1885, we issued an order making the rates on all freight from Denver to Idaho and Montana 80 per cent. of the rate from the Missouri River to these points, and the rates from Denver to Utah 70 per cent. of the Missouri rates. This ought certainly to afford the Denver manufacturers ample protection.

Q. (The Chairman.) Upon the testimony of a gentleman who contemplated going into the paper manufactory here; I will state briefly what he said upon that particular point; he advises us that he and several other gentlemen had made arrangements for the manufacture of paper; they went East for the purpose of procuring their machinery, and called upon a railroad company, which one I do not know; they have lines terminating here, to ascertain what the rate would be upon their machinery, and discovering that it was machinery for the manufacture of paper, they gave him a rate, but remarked to him that the rate from the East would immediately be lowered to such a rate that he could not manufacture?

A. In reply to that complaint I can only answer for the Union Pacific Company, and would say that the statement is utterly false and without any foundation whatever. All officers of the freight department in Denver thoroughly understand that it is the desire of our company to promote manufactures at this point, and I may well state that no responsible person would make any such statement.

Q. (The Chairman.) From your experience of the matter of railroad policy, looking at it from a general standpoint, is it a better policy to endeavor to develop local business and increase local enterprise, being on the line of the road, or to try and promote through traffic?

A. We are most certainly in favor of promoting local endeavors, even if by so doing we are obliged to surrender long haul; Mr. Adams, the President of the Union Pacific, is very much in favor of this policy; he very seldom ever writes a letter to our General Traffic Manager or myself without referring to this subject. It is true that there has been a few isolated cases in the past where we made rates which had a tendency to cripple one or two endeavors of this city, but that policy was abandoned more than a year ago, and, in fact, absolutely reversed, so that we are now doing everything we can to encourage them.

Q. You refer to the Colorado Coal and Iron Mining Company?

A. Yes, sir. We surrendered the long haul of 516 miles from Omaha to Cheyenne upon nails to a haul of 106 miles from Denver to Cheyenne. I cite this particular instance to illustrate a hundred others. By the pursuance of this policy we feel that we may be able to receive indirect benefits sufficient to offset the loss in surrendering the long haul.

Q. As I look down the list of witnesses here I notice the complaint in regard to the manufacture of mattresses and springs which is carried on by the manufacturers of bed springs. They complain of the rates on the material which goes into the manufacture of bed springs and also that of mattresses. They complain that the wire costs more than the bed springs does?

A. The rate upon spring beds is double first-class, \$4.20, while the rate upon wire is only second-class, \$1.70; this ought to afford the manufacturer of wire mattresses ample protection.

Q. Well, a gentleman comes here who is manufacturing packing cases; he says that you gentlemen charge him more for the lumber, or the same price for the lumber that goes into the packing cases, as for the packing cases themselves.

A. Well, Mr. Chairman, I would like to ask you if you see any difference in the carriage of a board twelve feet

long and one one foot long ; packing cases are simply lumber sawn into the necessary shape for boxes ; we can load the same weight of packing boxes to the car as we can of lumber, and we have not yet thought it advisable to discriminate between the No. 1 foot and the No. 12 feet in length ; the value of the carload of box stuff can be but little more than the car of lumber ; simply the cost of sawing it into shape can be the only difference between them.

Q. Is it not a rule in regard to the transportation of articles, everything else being equal, that the value of it shall, to some extent, enter into the price of transport ?

A. Yes, sir ; we always endeavor to consider the value which means the risk to the carrier, but frequently other conditions compel us to ignore this principle to a certain extent ; we very seldom, however, take into consideration the difference in the value of articles where the difference is only slight, as the difference in value of a small lot of lumber and a car of box stuff.

Q. Another witness called is a manufacturer of brooms ; he says that brooms are brought in here, I think he said, at the same rate as the material that goes into the manufacture of brooms, or perhaps he explains it in this way : A carload of brooms are considered at 12,000 pounds, while everything which goes into the manufacture of brooms is put at a higher rate, so that in charging him for a carload he has to pay for 20,000 pounds, while the man who buys his brooms made up only pays on 12,000 pounds ?

A. The rates on brooms and broom corn in car loads or less have been practically the same. We have, however, recently reduced the rate on broom corn 25 per cent. below the rate on brooms.

Q. Another thing that this witness mentioned was that it was impossible for him to send his brooms one or two hundred miles, because that the rate East is higher than it is from the Missouri to the same point, while the distance from the Missouri River would be 500 miles or more, but from here it would be about 100 miles. It is higher from here than it is from the Missouri River to those points, so that he can not ship his brooms to local dealers to small stations east of here ?

A. We do not wish to charge more from Denver to a point 200 miles East than we do from the Missouri River to the same point. It is true that we can transfer brooms

and other merchandise West in the direction of Denver cheaper than we can East-bound, because of the large volume of business moving West bound as against the small amount of business East-bound. Still we are willing to set aside those reasons and make rates from Denver East which will be satisfactory to the manufacturer of brooms.

DENVER, Colo., February 13, 9 A. M., 1885.

Examination of Mr. P. P. Shelby, continued:

Q. (Mr. Gilmore). A witness has been before us to give some evidence concerning the manufacture of soap. He explains that the things which go into the manufacture of the soap, which are brought from the East, as caustic soda and soda ash, are rated the same, or nearly the same, as soap itself, and he says that soda ash, coming in drums, is far less valuable and far less risky as material to be transported, and less liable to be damaged in case of accident, than soap.

A. Mr. Chairman, it is true that the rate upon caustic soda and soap is just the same. The gentlemen having in charge the making of the joint western classification, discussed that matter thoroughly some few years ago, and decided that the difference in value of the two articles was not sufficient to make any difference in the rate, the cost of the carriage of soda and the cost of the carriage of soap being about the same in every respect. It must not be lost sight of, however, that one car load of soda will make a great many car loads of soap, so that the larger portion of the materials that are used in the manufacture of soap are produced right here.

Q. That is, the grease is produced here?

A. Yes, sir; and it is much cheaper than it is East, so that the manufacturer of soap in Denver has a protection in the shape of the less cost of the grease here as against the manufacturer in Chicago.

Q. Another matter, which I don't know is in the control of the lines West of the Missouri River, but which I will mention in connection with the other, is this: It is to the effect that the manufacturers of soap in Chicago sell soap delivered here, and make an arrangement with the transportation lines by which the rate that they make there is very much less than the published rate. For instance, one witness said that the published rate on a certain quan-

tity of soap will be two hundred and sixty dollars. If I get the figures correctly, and that he saw the receipted bill of lading which came through and which had some memoranda on it which you probably understand, showing that the actual amount of freight paid on that, instead of being two hundred and sixty dollars, was only one hundred and eighty-seven dollars, making a difference against our manufacturers here to that extent?

A. (Mr. Shelby) In reply to that I would state that the rate upon soap from the Missouri River to Denver was rigidly and honestly maintained from the first day of November, 1882, to the 28th day of February, 1884. The rates were cut from Chicago and St. Louis to Colorado on the 28th day of February, 1884, and one cut followed another until the rates were down to about thirty or forty per cent. of the tariff from Chicago to Denver. On the first of August, 1884, the rates were restored to the full tariff, and it was then found that Kirk & Co., of Chicago, had a contract which ran until the end of the year, made by one of the lines running between Chicago and Council Bluffs, over which we have no control.

Since the first of the year, however—the first of January of this year—the full tariff has been maintained on soap, and the statement that it is customary to give Kirk & Co., or any other manufacturer, any special rate, except in times of war of rates and this particular case I refer to, is not correct. Kirk & Co., it might be well for me to state, frequently sell soap in Denver, Salt Lake City and other Western points very remote from Chicago, at the same prices as in Chicago, and they endeavor to break up all the manufacturers in these Western towns they can. If they can't do this, they make an agreement with them and divide up territory, etc. The railroads have been accused of favoring Kirk & Co. when they carry on these wars themselves. It's an old story that they are very aggressive men and endeavor to break up as many others as they can, and they succeed in doing this very well. There are but very few soap manufacturing factories between the Missouri River and the Pacific Coast.

Q. This bill of lading that was referred to, I think was issued in November.

A. I don't believe there was ever any rate put on any bill of lading in Chicago by any authorized agent of any

railroad company, other than the tariff. If one of the roads running between Chicago and Council Bluffs, gave Kirk & Co. a special contract sometime during the existence of this rate war that I referred to, last year from Chicago to Denver, they made this rate without any authority from the Union Pacific or any other line running from the Missouri River to Denver. As far as the Union Pacific is concerned, it received its full rate of a dollar a hundred from the Missouri River to Denver.

Q. (Mr. Stirman.) The road made up to the Union Pacific its full charges, while it stood the losses, if any, itself?

A. Yes, sir; we declined to participate in the contract. Mr. Chairman, this entire question resembles very much the subject of free trade and high tariff which has agitated Congress more or less for the last few years. Your committee have listened to just one side of the question. You know nothing of that portion of the community which is against the protective policy.

Only a few days ago the cattle producers of this State were very anxious to have us maintain a rate of \$1.40 per hundred pounds for the transportation of dressed beef from Kansas City to Denver, while the consumers of the dressed beef were very anxious for a rate of seventy-five cents. We compromised the matter by making a rate of eighty-seven and one-half cents.

The producers of grain in this State desire that we should maintain a rate of sixty-five cents per hundred pounds from Kansas and Nebraska to Denver and Pueblo, and a rate of twenty-five cents per hundred pounds upon wheat from Colorado to the Missouri River. You will see that it is very difficult to so adjust our tariff as to satisfy and do justice to all at the same time.

As I previously stated, in the case of the rate upon machinery, we might advance the rates upon machinery and give the manufacturers of Denver a monopoly; but while we were benefiting these manufacturers, we might at the same time do an injury to a hundred others who use the machinery, were we to carry this policy into effect.

Q. (Mr. Stirman.) Is it not more in this shape than in the shape in which you put it: The manufacturer that asks protection in the adjustment of rates, so as to enable him to manufacture in this country, hasn't he, in addition

to his individual interest, the interest of increasing the population, and thereby causing a greater demand for the articles concerned; and wouldn't a great many interests and the railroad interests be enhanced by increasing the population and bringing in a greater population to invest their money in manufacturing and other operations?

A. We certainly take into consideration the benefits derived from increase of population in the adjustment of these rates, but we must at the same time take into consideration the injury that we may do to other interests that are depending upon the manufactured machinery.

Q. I was finding fault that you made it a question between the consumer and the manufacturer alone?

A. It would be impracticable to carry the question of protection too far. We might hurt more men than we would benefit.

Q. (Mr. O'Driscoll.) I think you labor under a mistake in this. There is no man complains that your freights are too low on anything, but they have complained that your freights are too high on the raw material. They don't care how low you come on the manufactured articles, so that you come down on the other in the same proportion. There is no manufacturer who complains that your freights are too low on anything. I would like for you to state if you have any objection to lowering the rate on the raw material in proportion to the rate on the manufactured article?

A. Complaints have been made to us that our rates were too low. They may not complain to your Committee. I have already stated that they (U. P.) are willing to carry the raw material for manufacturers, from the Missouri River to Denver and Pueblo, at ninety per cent. of the rate we charge on the manufactured article. We are willing to do this for the sole purpose of fostering the manufacturing industries of Colorado.

Q. (Mr. Gilmore.) I have now covered the whole ground of the theme with reference to the manufactures represented by the iron manufacturers, the mattress manufacturers, the furniture manufacturers, carriage manufacturers, soap manufacturers, and glass manufacturers. I think your general answers cover them. There is one other item I had forgotten, and that is the shipping in here of iron bridges.

A. At the meeting of the Colorado Pool Association

in Denver in the latter part of January, it was decided to advance the rate on iron bridges from Class "B." to Class "A." We then brought the matter up with the joint Westward Classification Committee at St. Louis, and prevailed upon the Eastern members of this Classification Committee to also place iron bridges in Class "A." so that the protection that the manufacturers of iron bridges ask for has already been accorded to them. We have made an advance of twenty five per cent. from the Missouri River to Denver and Pueblo.

Q. Will there be the same reduction on rolled iron that goes into bridges?

A. This proposition that I speak of covers all classes and all kinds of material used for manufacturing purposes.

Q. So that rolled iron as well as bar iron would come into that?

A. I would say that everything would come into it. The rate on bridges was reduced some years ago, for the purpose of bringing remote sections of country nearer to the railroads, for the purpose of enabling the communities in these sparsely settled districts to get their bridges as cheap as possible, and the reduction was made to help build up this country. I make this statement to show that there are two sides to the bridge question.

Q. In connection with the classification question I want to ask you if this is true, and if so to what extent: It is said that the classification on articles which are known as saddlery hardware is different in the East, east of the Mississippi River and east of Chicago, from what it is here, and hence if a saddlery hardware merchant here or a man who manufactures harness and saddlery generally, orders saddlery hardware from New Jersey, which, I think, is quite a manufactory of these things, the merchant there would put into one box or one package or one car, all the different things that go into the manufacture of saddlery, under one classification. Then he says when it arrives here the box is opened oftentimes to ascertain whether there has been any smuggling or not, and they discover the difference in this classification, and he has to pay the freight on the whole box at the higher classification?

A. The classification now between the Atlantic Coast points and Chicago is just the same as the classification between Chicago and Denver. We have made it a rule

that when a box is found to contain two or more articles of different class, to classify the whole box in the class applicable to the higher articles. That is the only way we can arrive at it. It's pretty hard to take out first class freight and second class and divide it. We have always made that a rule so as to protect ourselves against smuggling.

Q. He instances the way that works with him by the difference of classification, which, perhaps, may have been remedied lately on the matter of which he speaks. He says that saddlery hardware, which is heavy, is put into a box and causes a box to weigh a great deal. In ordering quite a large quantity of saddlery hardware, they will order a few hundred dollars' worth of rosettes, which are very expensive, and a very few go a great ways in the manufacture of harnesses. He says rosettes are very much higher in your classification than in the East, and consequently he has to pay the rate on his whole box of hardware that he does on a few rosettes?

A. The way to remedy that is to ship the rosettes in a different box, knowing that we make a different classification on them.

Q. Is the rule that you mention, Mr. Shelby, applied to a car load of goods? If a car load is shipped at one classification and it is found that articles are in it of another classification, does the higher rate apply to all?

A. If a car should contain 20,000 pounds of class "A" freight and we found one hundred pounds that didn't belong there, then we would charge the regular rate on the hundred pounds of class "A" freight and let the other go through.

Q. Now I think that I have covered this branch of my examination. If the other members of the Committee have any other questions to ask, it would perhaps be now a good time to ask them so as to have them all together.

Q. (By Mr. O'Driscoll.) It is in testimony before us that at the time the pool commission was in vogue, the merchants of this town could ship by your route to Golden and then wagon from Golden to this town, cheaper than they could ship to this town direct. Will you explain this?

A. Our rates from the Missouri river to Golden and to Denver are the same, and it isn't possible to ship from the Missouri river to Golden and from there to Denver, unless

the freight is teamed from Golden to Denver free. There was a time, however, something more than a year ago, when rates were made on nails to Golden lower than to Denver, and they were then teamed from Golden to Denver; that is the only case I know of and that was stopped as soon as discovered.

Team from Golden

Q. I think this gentleman said he brought carriages to Golden and teamed then to Denver from there and made money. There was a discrimination in that case against the Denver merchants to that extent. Do you remember anything about that?

A. No, sir; I don't think it is true, unless through some mistake. The policy of our company is to make the rates between Golden and Denver and the Missouri River the same. They are so close together we couldn't adopt any other plan. Any merchant in Golden to-day will tell you that he pays just the same rates as Denver merchants, no more, no less.

Q. (Mr. Stirman.) The parties testifying yesterday stated that the line to Golden wasn't in the pool, and that you could afford to ship to Golden for a less price, netting the whole rate yourself, than to Denver, only getting a percentage in the pool. How is that?

A. I would like to state, and I am stating this under oath, that in no case since the formation of the Colorado pool has the Union Pacific made a lower rate from the Missouri River to Golden than from the Missouri River to Denver excepting in this one case I speak of on nails and iron for a short time. As soon as it was discovered that they were being teamed from Golden to Denver it was stopped.

Q. (Mr. Gilmore.) You may explain the reasons, if you have any, why there is a difference made in the rate of transportation of ores and coal on the South Park line and the Colorado Central narrow gauge?

A. The principles to take into consideration in the making of rates are the cost and risk, then the volume of traffic, after which follows numerous circumstances and conditions over which the carrier may have little or no control.

It is not fair to compare rates on the Colorado Central for a distance of 50 miles where we have only a light volume of traffic, with the rates on the South Park, a line of

from 150 to 200 miles in length, where the traffic is fifteen times greater than that of the Colorado Central. We can certainly transport 1,000 cars of ore per month for less money per ton per mile than we can transport 50 cars per month. It is safe to state that the cost of hauling freight on our mountain narrow gauge lines in Colorado is more than it costs on any other railroad in North America, and 10 times more than the cost of carriage between Denver and Omaha.

The best proof of this assertion will be found from the fact that the books of our Auditor at Omaha show that our lines in Colorado fall short of paying expenses and interest on bonds during the year 1884, \$623,299.12.

The cost of operating the South Park line per month often exceeds the gross earnings, and were it not for the benefits the Union Pacific Railway Company derives from the traffic of the South Park as a feeder to its other lines, it would pay them much better to make a present of the road to the State of Colorado than to operate it themselves.

The rate on ore from Leadville to Denver was originally \$9 per ton, and afterwards reduced to \$8 per ton. The \$8 rate was continued for sometime on all grades of ore, when it was finally shown to the management of the two lines that there was a large quantity of low grade ore in the Leadville camp which could not be moved at the \$8 rate; it was therefore decided to make a rate of \$5 per ton upon this low grade ore, with the expectation that the resultant benefits derived from the working of these low grade mines, giving the railroads an opportunity of carrying in supplies to feed and clothe the men thus engaged, and an opportunity of carrying coke to Pueblo and Denver to smelt this ore, would, in a great measure, offset the loss sustained in carrying it at \$5 per ton.

These rates of \$8 per ton upon high grade ore and \$5 per ton upon low grade ore prevailed for some time, when it was discovered that the agents of the different lines (in their eagerness to get their full share of the business) began to wink at the valuation of ore loaded, and finally all ore came to be shipped at \$5 per ton from Leadville to Denver, regardless of valuation.

On the first of November, 1882, a pooling agreement was entered into between the lines competing for Leadville traffic, when a general restoration of rates took place, but

upon investigation it was found that nearly all the ore at that time shipped from Leadville was of a low grade; it was also found that the lead market was declining, and it was therefore thought best to continue the rate of \$5 per ton, as the Denver & Rio Grande Railway Company were receiving a large revenue from the coke and coal which they were hauling to Denver and Pueblo to smelt the ores, and as the incidental benefits derived by the Union Pacific Railway Company from the hauling of supplies for men engaged in these mines made up in a measure a portion of the loss sustained in continuing the \$5 rate.

Now what I wish to demonstrate is that the rate of \$5.40 per ton on ore from Georgetown to Denver is not too high, but that the rate of \$5 per ton from Leadville is too low. It is a well-known fact that the miners of Georgetown receive about \$100 per ton for the ore shipped by them, while the miners of Leadville receive on an average of about \$20 per ton.

The ore shipments of Leadville during the year 1884 were about fifteen times greater than the shipments of Georgetown, If the miners of Georgetown would guarantee an increase in their shipments for the year 1885 over the year 1884 we would be willing to make all the reduction that the increase would justify.

The management of the Union Pacific Railway Company fully understand that the prosperity of their lines in Colorado depends almost entirely upon the prosperity of the people. Hence they are anxious to use every reasonable effort consistent with a broad and liberal policy to do all in their power for the purpose of promoting the mining and agricultural industries of this State.

Only a few months ago a rate of 25 cents per hundred pounds on wheat and other farm products was made from all our standard gauge points in Colorado to Missouri River for the purpose of aiding the farmers in disposing of their surplus products. This rate is much below the cost of transportation, but it was found that anything like a reasonable rate would act as an embargo to the movement of these products. I refer to this particular instance, which is only one of many, to show that the railroads are ready and willing to do for the people of Colorado what the Legislature could not compel them to do, and that the rates

which a few of your members desire to control by statute are a mere bagatelle when compared with the rates to and from Colorado over which your Legislature has no control.

Q. Would not you otherwise haul back to the East from Colorado, empty cars if you didn't transport wheat?

A. No, sir; the preponderance of our cars are West-bound at the present time, as we are hauling coal.

Q. From what points?

A. From Rock Springs and Carbon.

Q. You are not hauling any coal from Colorado?

A. Yes, sir; into Kansas and Nebraska.

Q. From what places?

A. From the Marshall mines near Boulder, and also from the Erie mines.

Q. Are you hauling any anthracite coal that is mined at Crested Butte?

A. Yes, sir; we are hauling that coal at a very low figure.

Q. That don't come into competition with any other coal, does it?

A. Oh yes; it displaces a certain part of Rock Spring coal. It goes into Evanston, Cheyenne, Greeley, North Platte and all those points.

Q. Do you haul any anthracite coal from the East into this country?

A. We very seldom haul any west of the North Platte, but occasionally we haul some to Cheyenne.

Q. You don't haul any on the Kansas Pacific to any great extent?

A. Yes, sir; we haul say for three hundred miles west of the Missouri River, but since we adopted this plan of shipping Colorado anthracite coal, which took effect about the first of December, I think, it of course cuts off the hauling of Pennsylvania anthracite to a great extent. We haul this Colorado anthracite clear down to within 100 miles of Omaha, in fact, as far east as Lincoln.

Q. Isn't that a more profitable business than hauling Pennsylvania anthracite?

A. No, sir; we haul Colorado anthracite for a great deal less money per ton per mile than we get on the Pennsylvania anthracite.

Q. There is a matter in evidence to this effect: That in the fall of 1883, or early in 1884, some merchants here

contracted to sell in Western Kansas and Nebraska, in small towns through that country, fifty car loads actual sales and orders for five hundred car loads more, of anthracite coal, to be delivered in that portion of these States at the rate then current, \$3.50 per ton; and they purchased fifty car loads of the coal and it was brought to Denver. Two car loads were delivered to the U. P. and sent East, and immediately thereafter the agents here were instructed not to receive any more of that coal. The party interested corresponded with the freight officers at Omaha to ascertain the reason why, but could get no satisfactory answer, and some one of the parties interested went to Omaha to ascertain about the matter. The rate was immediately raised to \$10 per ton, which was prohibitory. Finally, as a compromise matter, it was proposed by the U. P. that the fifty tons already contracted for might be sent East at the previous rate, but no more. That, however, was declined, because they could dispose of the fifty tons they had right here without going any further, and to better advantage, probably. That was the end of that business at that time. The same witness said that since then, some time this year or recently, the old \$3.50 rate had been restored. Can you explain this matter?

A. Yes, sir; I can explain it fully. The statements made by the witness are substantially correct. Our reasons for declining to transport this Colorado anthracite coal grew out of the serious difficulties and misunderstandings that we had with the D. & R. G. at this time. We were carrying on a ruinous rate war with them in Utah, and they were at the same time opposing the building of our high line to Leadville, and wherever our interests clashed, it caused much friction. Our company, therefore, decided to place an embargo upon the shipment of their coal to any point upon the line of our road, and our company maintained that position until these matters were settled. Then we notified the parties that had the control of the shipment of this anthracite coal that we were willing to transport it to all points on the line of our road, and we are doing so now at very low figures.

Q. Do you remember the rate?

A. Yes, sir. We are hauling it for \$3.50 per ton.

Q. He was correct in regard to that?

A. Yes, sir.

Q. My impression is that he said that the rate of \$10 per ton was maintained between this point and Cheyenne and the mountain towns above here on the Colorado Central?

A.. That is a mistake. The rate is so fixed that they can place anthracite coal down in Cheyenne at \$10.50, delivered. That includes the first cost of the coal and the cost of transportation from Crested Butte to Denver and the cost of transportation from Denver to Cheyenne.

Q. Am I right, when I think that has to be prepaid?

A. Oh, no. No, sir. The entire anthracite coal traffic is in the hands of the Colorado Fuel Company, and they have arrangements with us which permit them to deliver this coal at the same price at most all points on our system. In some cases we haul it at a very low figure.

Q. But it averages about the same, taking it altogether?

A. Yes. In some cases we get a very reasonable rate, and in others we get a very low rate.

Q. The next feature of the coal business to which I wish to call your attention is a statement to the effect that the miners at Marshall are charged \$1.15 per ton, I think, to Denver. The miners at Erie, other than the Union Coal Company, are charged ninety cents to Denver, while the Union Coal Company are permitted to deliver their coal from Louisville at twenty-eight and one-half cents, and from Erie at either the same price, or twenty-five cents; I have forgotten now, which. How is that?

A. I am pretty familiar with that subject. Mr. Langford has discussed it with the President of our road, and with the Assistant President, with the General Manager, with the General Traffic Manager, with myself, and with the General Agent in Denver, and with everybody else connected with the U. P. who has anything to do with traffic matters. We are maintaining a rate of \$1.00 per ton from Erie to Denver, and a rate of \$1.25 per ton from Marshall to Denver; \$1.25 per ton from Marshall is only in fair proportion to the rate of \$1.00 per ton from Erie; that is, about the same rate per ton per mile—a little bit less. We are compelled to haul this coal from Marshall over a spur line of six miles away from the main line, which entails upon us a considerable expense, more than what we would have to bear if it was located upon any of our main lines. We have to run an engine back and forth between this

junction and the mines, six miles. We are at any rate charging no more than the pro rate with the Erie rate.

Q. He doesn't complain of that to us, I think. He complains that the Union Coal Company are allowed to bring theirs here at 28½ cents from Louisville and 25 cents from Erie, placing him at a disadvantage.

A. That is not true. Our rate to the Union Coal Company is the same as to others. I am under oath, and I say that they have no rebate or any other advantage over any other shipper of coal. Mr. Langford's statement isn't correct. Some years ago there was a rate of 25 cents in effect between Erie and Denver, because of a rate war that we had with the Denver, Longmont and Northwestern road, and that ran along for months. We finally came to an understanding with them, and they agreed to maintain the same rate that we charged, viz.: \$1.00 per ton.

Q. There was some complaint made by some of the shippers of coal, but I don't now recall who it was, to the effect that a rate was made to them which shut them out of the Georgetown and Central markets?

A. There is a coal mine in Golden which furnishes a large proportion of the coal consumed in the different towns on the narrow gauge portion of the Colorado Central, Idaho Springs, Black Hawk, Central City and Georgetown, and of course we can afford to haul the coal from the mine at Golden, in which our company has no interest whatever, cheaper than we can haul from Marshall. The coal at Marshall is first loaded on standard gauge cars, and thus has to bear the cost of transfer at Golden, which is borne by the U. P. Company. It isn't reasonable to suppose that we could haul Marshall coal to Georgetown at the same rate we would charge for Golden coal. I have figured this tariff over carefully, and have aimed to give the Marshall people the benefit of their contiguity to certain markets, and the Golden people the benefit of their nearness to certain markets, and in no case have we charged the Marshall people any more than a pro rate to their markets. In many cases we make it less than a pro rate.

Q. I think he said he was practically shut out from Greeley, Longmont and Fort Collins?

A. The rate from Marshall to Fort Collins is exactly the same as from Erie to Fort Collins. The rate from Marshall to Greeley is \$1.75, while the rate from Erie to Greeley

is but \$1.50, because of the difference in haul, the Erie mines are so much nearer to Greeley than the Marshall mines.

Q. How is it from Louisville?

A. The distance from Louisville to Greeley would be about the same as from Marshall to Greeley. We own the mine at Louisville, and we don't ship any coal at all from there to Greeley, because we can haul it so much cheaper from Erie to Greeley. That is the intention of the operating department—to have the coal all hauled from Erie to Greeley.

Q. Is there any distinction made between the Union Pacific Railway Company, so far as the coal business is concerned, and the Union Coal Company? Is there such a distinct organization as the Union Coal Company?

A. The coal of our company's mines is handled by what is called the Union Coal Company.

Q. Is that a corporation distinct from the Union Pacific Railway Company?

A. Not that I know of. I don't believe it is. It's simply the name of a department. We have what we call a coal department, and we charge the same rates on coal for our coal department that we charge to all others in Colorado.

Q. Do you bring coal from Erie and Louisville and deliver it here so as to maintain rates with private parties?

A. Yes, sir, that is what we aim to do.

Q. And they sell your coal at the same price?

A. Yes, sir. The freight department of the Union Pacific Company receives a credit for the transportation of all coal between all points in Colorado in accordance with their printed tariff. Our coal department takes this printed tariff and allows the freight department its full rates.

Q. (By Mr. O'Driscoll.) You have the yards of your Union Coal Company at different points in the State, have you not?

A. The coal business at Cheyenne is managed by the coal department of the Union Pacific proper.

Q. You say that you keep yards at these different points?

A. Yes, sir.

Q. Do you sell in competition with coal from other localities?

Union Coal Co.

A. We supply some points entirely with coal from some certain mine nearest to that point.

Q. Do you allow other mines to ship on your road at the regular rates? That is, mines that don't belong to your company?

A. Oh, yes, sir.

Q. We had occasion a moment ago to speak of discounts and rebates that are made. I will ask you some questions on that point. Several witnesses who have been before us speak of wholesale grocers and several hardware men who have advantages of transportation, as they say, either by reason of a discount given off from their bill or a rebate after the bill is made out or by some return draft—an advantage over others that is given them by reason of some discount of goods shipped out of Denver to their customers?

A. During the continuance of the rate war that we had, just prior to the first of August last, we did pay rebates to some of the large jobbers of Denver.

Q. Previous to the rate war, you said?

A. Just previous to the rate war, but that was stopped immediately upon the restoration of the rates on the first of August. We never pay any rebates when rates are maintained by other lines; all jobbers enjoy the same rate out of Denver. We have been making better rates, for the purpose of distributing freight from Denver during the past year, than we made some years ago, by changes in classification, etc., but it is the policy of the U. P. Company to make no discriminations whatever, whenever possible or practicable for them to do so.

Q. The only distinction you make is whether it is freight by the car load or in smaller quantities?

A. That is all; we make a distinction between car loads and small quantities.

Q. That is general to all persons alike?

A. Yes, sir; we have found it to be the best interests of the U. P. Railway company to treat all patrons as nearly as we can, alike. Occasionally we are obliged to make special rates on some certain commodity, but we prefer to make the special rate on the commodity rather than to a special person or firm.

Q. Prior to this rate war—I will use that term because

Rebate

it is one understood--of 1884, were there no rebates given to shippers from the Missouri River to Denver?

A. No, sir; not by the U. P. Company.

Q. Either in coming to Denver or going out from Denver?

A. Not that I know of. We may have overcharged on some shipments and repaid the difference between what we did charge and what the charge should have been.

Q. That would be simply bringing it back to the regular rate?

A. Yes, sir.

Q. It is said that the merchants of Georgetown and on the narrow gauge, generally of the Colorado Central, are able to get rates from the East by the car load, by the way of Greeley, Fort Collins and Golden, or by the way of the Boulder Valley road to Boulder and then to Golden, at rates lower than the established rates to Denver, thereby cutting out the Denver merchants from the wholesale trade?

A. We aim to make our rates from the Missouri River to Georgetown by first taking our rates from the Missouri River to Denver and then adding to them the rates from Denver to Georgetown, so that a wholesale merchant in Denver has all the benefit of the same through rate that the Georgetown merchant enjoys. That is the policy the rates are made on and all the principal wholesale merchants of Denver understand it.

Q. Do you deviate from that policy sometimes in exceptional cases, to benefit exceptional shippers?

A. It would be to the interest of the U. P. Company to so adjust their rates between the Missouri River and all those Colorado Central points, as to make it the interest of the merchants at those points to buy in Chicago or at the Missouri River, but when you come to go a step further, you will see that would turn the jobbing merchant of Denver against us, if we were to pursue that policy; so, from a business standpoint, we find it to our interest to so adjust our rates as to give the Denver merchant the benefit of dealing with all merchants in Colorado. There may be some few instances where this plan is not lived up to.

Q. How long will it be before this new adjustment of rates by which the rate from Denver north to Idaho and Montana points will be reduced?

A. These rates are all in effect now. They were put into effect on the first day of January last, and they were in effect to a certain extent by rebate all last year, to certain shippers of Denver. We thought it better to put it into effect as an open rate on the first of January, so that everybody could enjoy the benefit of it.

Q. Will you not explain that matter of the rebate?

A. We would say to a man who had freight to ship to Idaho or Montana, we will bill your freight out at the Missouri River rate, and then we will refund to you twenty per cent. Now we have put into effect an order which makes the rate from Denver to all points in Idaho and Montana, and all points on the Oregon Short Line—we have two stations in Oregon on the Oregon Short Line—eighty cents per hundred pounds less than is made from the Missouri River on certain classes of freight, and sixty cents, fifty cents, and so on down to twenty-five cents.

Q. But they will still have to compete with the rate in addition to that from here to the river; supposing that the rate from Omaha to a given point in Montana was \$1.00, the freight, if shipped to Denver, and shipped from here to Montana, would cost them \$1.80?

A. That is not the way to put it. If the rate from Omaha to Hailey was \$2.00 per hundred pounds, the rate from Denver to Hailey would be \$1.60. You have to bear in mind this difference that we create this difference between the Missouri river rate and the Denver rate to these points, by this discount, is greater than we charge on a great many classes of freight from the Missouri river to Denver. You see we relinquish more money than we get in the transportation of certain commodities between the Missouri river and Denver.

Q. Then, supposing that a merchant at Hailey bought a certain article of merchandise at Denver. He would have to pay on the basis of the freight from the Missouri river to Denver, and add to that the rate as you give it to the Denver merchant, from Denver to Hailey?

A. Yes, sir; provided he bought freight shipped in from the Missouri river to Denver; the manufacturers in Denver will receive the benefit from this, and parties doing business in Denver, on goods they ship from Chicago or New York.

Q. This would operate more for the benefit of the manufacturers than the merchants?

A. More for the merchants who handle articles that are manufactured here—soap, machinery, saddlery, hardware, etc.

Q. Before it passes out of mind—the matter of ore which we discussed in the early part of your testimony this afternoon—I want to ask you what objection there is to shipping ore on different bases where you have but one line and no competition, so that low grade ore will be shipped at a lower rate than high grade ore—from Georgetown, for instance?

A. We would have no objection to that plan of adjusting our rates were it not for the fact that we have demonstrated its impracticability. The Central Pacific, some time ago, adopted the plan of *ad valorem* rates on ore, and it wasn't long before the one-horse politicians started the cry that the Central Pacific would find the value of the ore and then name the rate. They took advantage of this to start this war on the Central Pacific. Some few years afterwards we tried it ourselves. We tried it from Hailey to Omaha, and we found that the value of the ore was decreased by some artificial process, by separating the low grade from the high grade, they in that way arranged to have it just inside of the maximum valuation so as to get the benefit of this low rate. Our experience has shown that as soon as we commenced to distinguish the low grade ore from the high grade ore, the man who has the high grade ore will claim it isn't right to charge him more, and after a while he will figure around some way to get his ore through at the low grade valuation. If it were practicable to adopt that plan, I believe it would be a good plan to adopt in this State—to allow us to charge a certain figure on ore of a high grade in order that it might be possible for us to haul ore of a low grade at a low figure.

Q. It is said to be a fact that at Georgetown and in the vicinity of Georgetown and Central City, there are mines which run very high grade, and then that there is a large majority of their mines which run at a low grade, which, if the ore could be shipped at a low rate, could be worked, but which at present can't be worked at all. Now wouldn't it be a good policy from a railroad standpoint, to arrange some kind of a tariff by which the cars which you haul up

to Central City and Georgetown light with merchandise, could be brought back loaded with this low grade ore, at a low figure?

A. I talked with a mining man last night on this subject, and he stated to me that there were quantities of ore in the vicinity of Georgetown that wouldn't bear a rate of one dollar per ton, which, at that rate, wouldn't pay for shipment to Denver. This is simply hearsay. I don't know whether it is a fact or not. We have that matter now under consideration, and it may be we will find it to our interest to make some distinction in favor of the low grade ores at Georgetown. I understand they are concentrating now a great deal of the low grade ore and shipping the concentrates.

Q. Do you know anything about an effort that was made or that was said to have been made, by a combination of the manufacturers of powder in the East and the railroad companies or some one of them, to break down the manufacture of powder in this State?

A. Well, if there ever was such a combination, I am very sure the U. P. had nothing to do with it, because we got into a great deal of trouble with our partners in the pool on that very subject. The dispute was finally left to arbitration. We went out of the high explosive business entirely; we wanted to foster the manufacture of powder in Colorado; but the other lines didn't seem to think as we did, and didn't believe it to be to their interest to go out of the transportation of high explosives; but I'm quite sure that they charged a reasonable tariff for its transportation during that period. It ran along, I guess, for nearly a year, and, I think, the powder company here failed. Then we found that we were losing a great deal of business because we declined to transport high explosives. It was turning a great many of the miners against us, they claiming that these explosives were the *sine qua non* of the mining business, and then our people decided to go back to their transportation again. I am quite certain that no other roads ever went into such a combination for the purpose of breaking up any manufacturer here. These gentlemen here can answer for themselves, but I'm quite certain they charged a very high tariff on the explosives they carried while we were out of it.

Q. It is in evidence here that when the manufacture of

powder was commenced in Denver, the price was thirty-six cents a pound. I suppose that is for common blasting powder. They said they could manufacture powder at sixteen cents a pound when they got fairly to work at it. They didn't succeed, however, in making it at a lower rate than twenty cents a pound. Immediately after they commenced the manufacture, the price of powder began to decline in this market until it reached a price below twenty cents a pound, and they attributed the decline to two causes, the lowering of the price on the part of the powder manufacturers in the East for the purpose of crushing out the manufacturers here, and the co operation of the railroad companies to the same end in order that they might have a long haul.

A. The rate charged by the lines at that time, I think, was first class, \$2.40 per hundred pounds, which would be two cents and four-tenths per pound. The rate from different points in Pennsylvania where it was manufactured, would probably amount to a cent, which would make it three and four-tenths cents. Now the difference in the cost of the material used in the manufacture of this powder and the difference in the cost of the labor, might be almost sufficient to offset this cost of the transportation, especially when taken into consideration with any cuts in the price of the powder that the old manufacturers might make. It is one of those cases similar to that of Kirk & Co., of which I spoke. They feel as though it would pay them to sacrifice ten or fifteen thousand dollars by placing their products on the market here at three-fourths of what they are worth, with the expectation of making it up at some time in the future. They might cut the price to five cents a pound for a short time. We have been carrying these high explosives for more than a year now, at the full tariff, and we couldn't carry them if the other lines didn't maintain the rate, which is the best evidence that the tariff is being maintained.

Q. I will now speak of the matter of the rates that are given to the merchants of Denver on the articles which are grown and manufactured on the Pacific Coast, such as are called fifth class goods, and are mentioned to us as including sugar, rice, canned goods, dried fruits and a large number of other articles—beans, I think, and large numbers of other articles which are raised at a low price on the Pacific

Coast, or which are imported from the Sandwich Islands or elsewhere. The rate, it is said, on that class of goods is variously stated from \$1.40 a hundred to \$1.70, some witnesses saying \$1.70 and some \$1.40, while the rate on the same class of goods to the Missouri River is \$1.00 and to Chicago a trifle more—a good deal less than it is to Denver—perhaps a trifle more than to the Missouri River points. They complain that that works a hardship to them, and that oftentimes they are able to go to Missouri River points and buy of the Missouri River merchants, nominally so but practically not, in order to make themselves whole here?

A. The rates from the Pacific Coast are made by the Central Pacific company, and are made in the first place because of the water competition by the Isthmus and Cape Horn. For that reason they are obliged to make extremely low rates on certain commodities to New York, Chicago and St. Louis. They are also obliged to make very low rates on sugar, in order to compete with the sugar manufactured at St. Louis and other Eastern points, and with the sugar that comes from New Orleans. The rates from California to Denver are not unreasonable. They are so low that the entire sugar business of Denver and Colorado is almost all in the hands of Colorado jobbers and manufacturers. It is very difficult to ship sugar in here from Chicago or from the Missouri River. The sugar that comes from the West is nearly all the sugar that is consumed here now.

Q. Couldn't a rate be made on these California products the same that is in force to the Missouri River, at a profit to the railroad companies?

A. The principle of length of haul comes in there, and this water competition. We wouldn't want to haul freight from Ogden to Denver at the same rate per ton per mile at which we are compelled to haul some of this freight from Ogden to Council Bluffs when going to the Atlantic Coast and coming from the Pacific Coast.

Q. Couldn't you haul it at the same price to Denver as to Kansas City?

A. We might be able to do that, yes, but we wouldn't want to do it unless compelled to. We are compelled per force of circumstances to haul this freight at a loss in many instances. If we didn't take it, it would be used as bottom

loading for the ships leaving San Francisco, and would enable them to take a great deal more high class freight on which we get a very good figure if we prevent them from taking the low class freight.

Q. Wouldn't it be profitable for you to haul goods from Ogden to Denver at such a rate that the goods would be delivered in Denver, that class of goods, so that the Denver merchants could sell the same goods to merchants in Idaho and Montana at the same price that Omaha merchants can sell for?

A. All the traffic that you are now speaking of goes direct to points in Idaho and Montana, and does not go to Omaha and back. This man Spreckles, who has a monopoly of the sugar business of the Pacific Coast, (he owns large plantations on the Sandwich Islands and boats and steamers plying between Honolulu and San Francisco,) sells his sugar at certain points at a greater difference per hundred pounds than the freight rate amounts to from San Francisco to that point. He charges more for his sugar delivered in Denver than for sugar delivered at the Missouri River, by the cost of the freight from the Missouri River back to Denver.

Q. Is that the reason why the Denver merchants can go to Kansas City and buy their sugar to better advantage than to have it shipped directly to Denver?

A. They don't do that to any great extent. They buy their sugar direct. There has been some monopoly of the sugar business, which made it appear that sugar was bought in Kansas City or Omaha, when in reality the sugar never went there at all. Some of these men here have ostensibly had the sugar shipped from San Francisco to Kansas City in order to get old Spreckles to make a lower price, and then bill it back from Kansas City to Denver in order to cover up the transaction; but it is an unnatural state of affairs when sugar can be shipped to Kansas City and back to Denver at a lower price than from San Francisco to Denver direct. Some of these unnatural transactions have taken place, and we couldn't prevent it.

Q. Do you know of Wolfe Londoner getting a large quantity of sugar at a low rate?

A. I know of it by hearsay. I wish you would put some of these other gentlemen on the stand in relation to that. I would like to know something about it myself.

If the freight representative of the Burlington and Missouri could be put on the stand, perhaps you could learn something from him about that. The Union Pacific don't have anything to do with that kind of transaction.

Q. We had Mr. Londoner himself here, and he made an explanation of it. It didn't occur to us to ask Mr. Crosby when he was here.

A. He could probably tell you more about it than I can. Mr. Chairman, in connection with this sugar transaction I explained that these extremely low rates to St. Louis, Chicago and the Missouri river, were made because of water competition. Of course, it sounds unreasonable to say that we can't make a proportionate rate to Denver, but this rate which we have been making to the Eastern points is so low that I think the U. P. will be likely to go out of the business altogether. The whole transaction is somewhat similar to the rates we are making on flour and wheat from here to Nebraska and Kansas. We have our own reasons, which are perfectly satisfactory to us, for making these low rates; but they don't look reasonable to the farmers and millers of Kansas and Nebraska.

Q. Why, if Spreckles makes a discount on his sugar to points east of this, does the railroad also make a discount on their freight, or in other words, if the sugar is cheaper, why is the freight cheaper still?

A. Spreckles is obliged to make a low price on his sugar in order to meet the competition of Eastern manufacturers, and we have to make a low rate on sugar in order to meet the water competition.

Q. Then I understand that the forty per cent. additional charged on freights from San Francisco to this point is on account of this not being a competing point with the water transportation?

A. You might put it in this way: That the rates to the Atlantic coast, where we meet competition, are lower than the cost of carriage, because we find it to our interest to take this freight from the ships, which they want for bottom loading, in order that we may derive a profit on the carrying of certain other freight of a higher class, which they would carry if we didn't deprive them of this low class freight. I will not admit that we charge you too much, but I maintain that our rates to the Atlantic coast are too little.

As I said before, I think the U. P. will probably go out of the business.

Q. How is it about canned goods, goods raised in California and put up there? What is the difference between the freight to Omaha or Kansas City and to this point.

A. The circumstances and conditions are about the same in relation to canned goods as to sugar.

Q. In shipping fruit, what is the difference between shipping it to Chicago, Omaha, Kansas City or this point? I have heard frequently that you could get a carload of fruit through cheaper to Chicago than to Omaha or Denver. Why is this?

A. As I stated before, we are compelled by this severe water competition to make these low rates to Eastern points.

Q. Can you ship fruits by water?

A. Oh, yes; they ship around by way of Cape Horn.

Q. I mean green fruits, such as peaches and grapes?

A. That is not correct; the rates are more to Chicago on green fruits than to Denver.

Q. (By Mr. Stirman.) Some time back you observed that some of your roads in this State were losing money. Are these roads operated by an equipment company?

A. The roads that the U. P. operate are operated by their own company, and by their own equipment.

Q. How is it in regard to the C. C. road?

A. That is operated just the same as the other lines.

Q. Is there any equipment company on that road?

A. No, sir; we own all our own rolling stock and there are no inside companies on the U. P. at all.

Q. (By the Chairman). I want to speak of the attempt to manufacture glass and the products of natural soda here. It is said that if the rate from Morrison, where they have a sort of a soda lake and where it is said that pretty much all the things that are necessary to go into the manufacture of glass and glass of a high quality are found, that the difficulty in manufacturing glass here from the products there is that the rate is so high on the transportation of these products to Denver that they can't make it pay to manufacture, but that if they could have a rate as low as some favored persons connected with the company enjoy, which they say is seven or eight dollars a car instead of fourteen

dollars which they say is charged to them, that they could manufacture glass here at a large profit?

A. I don't know that anybody has ever asked us for rates on soda, silica or lime, from Morrison to Denver, but we would be very glad to have some one ask us for rates, and would be very glad to give them a very low rate and we would do all in our power to foster an industry of that kind. If they haven't got soda sufficient at Morrison in this State, we have a soda lake up near Laramie that has soda enough to supply the world for a hundred years to come, and we will be very glad to ship that soda here to them at a very low rate, sufficiently low to satisfy them, but we prefer to ship the soda for them from Morrison. I will be willing to submit our Morrison tariff in evidence to show that our rates from Morrison to Denver are not unreasonable.

Q. He says the rate he has to pay is \$14 00 per car, I think?

A. As a matter of information for this committee, I would like to show that the rates from Morrison to Denver are not as high as the rates for the like distance out of Kansas City, for a corresponding distance down in Eastern Kansas, and these rates were made by the Commissioners of the State of Kansas, who have power to make rates. I don't think our rate is over seven cents.

Q. What is fourteen dollars a car? What would that be?

A. That would be seven cents. We have a special rate of four cents a hundred on silica from Morrison to Denver which would be eight dollars a car instead of fourteen.

Q. Is that open to all the world?

A. Yes, sir. We have a special rate of four cents a hundred pounds on lime rock from Morrison to Denver, and we always classify silica the same.

Q. Would burnt lime be the same?

A. No, sir; burnt lime would not be the same. Our rate on burnt lime is six cents. There is considerable more expense in the way of cars, and more risk and expense in hauling burnt lime than there is in hauling lime stone, sand or silica.

Q. Could you, at a profit, haul soda as well as the

silica and lime stone, from Morrison to Denver, in any large quantities, at the rate of seven or eight dollars a car, if the parties themselves loaded and unloaded the cars?

A. That would depend largely upon the amount of business. If they would give us eight or ten cars a day, we would be willing to do it. We might do it for less. If a person wanted to ship two or three cars, and we didn't know whether he would ship any more or not, we might not be willing to make that rate. Unfortunately for the South Park, the rates are too low, and have been too low. I would like to state that the representative of the Colorado Coal and Iron Company is present, and he is able to substantiate what I have said in relation to the special rates we have made on iron and nails from Denver to Utah, Idaho, Montana, California and Oregon.

Q. (Mr. O'Driscoll.) I will ask you with reference to these car loads of silica and other matters for glass: did you have these rates existing in 1883?

A. Yes, sir.

Q. Were they in existence then?

A. Yes, sir.

Q. When applied to by Mr. Birdsall, do you remember Mr. Birdsall's applying to you at any time for cars, and your refusing to give him a rate of less than fourteen dollars?

A. I don't remember that Mr. Birdsall ever applied to us for rates. We would give him just as low rates as we would give anybody else under similar circumstances. If some other parties were shipping twenty cars every day, and he wanted to ship one for a few days, we would not be apt to give him the same rates.

Q. As I understand you, your charges were not made to apply to a great quantity?

A. If he would write to us and say that he intended to start a glass factory and wanted to ship several cars of silica and soda per day, we would see at once that it would be to our interest to help him, because he would necessarily employ a great many men that would help us. That would increase our traffic from Denver. I can state this much, that this gentleman has never applied to our freight office in Denver for a rate during the past four years.

Q. He says in his testimony that he applied for cars,

and he was charged fourteen dollars for cars, whilst others had them at seven?

A. It might have been that he applied to our agent at Morrison, and that the agent didn't know what rate to make, and so made a rate that would be sufficiently high to protect himself with the Accounting Department.

Q. He says here that your company is bringing lime from Morrison to the Grant Smelter for seven dollars a car?

A. That is not correct.

Q. He says, William H. James, of the Grant Smelter, is a man who could substantiate that?

A. I would suggest that you call upon Mr. James, and I will state right here that he cannot substantiate anything of the kind, and the Grant Smelter have no such rate.

Q. And he has a product of the ground up there called spiegeleisen, which goes into the manufacture of steel, and that he is not able to bring that down here at a lower rate, when he loads and unloads the cars, than fourteen dollars a car?

A. I never heard of it before. He has never asked us for a rate on that article.

Q. If responsible persons would enter into the manufacture of glass at this place, would commence the erection of glass works to an extent in which they would employ \$50,000.00 or \$100,000 in the investment, could such parties as these make a time contract with your company to bring the materials from Morrison to Denver so that they would be able to know that in the future, for a length of time that might be mentioned, that they could get these articles transported at a given rate, and depend upon it, so that they could build upon it?

A. Yes, sir. We will be very glad to open negotiations to-morrow with parties who wish to build glass works in Denver or in any other part of the State, and we will be willing to make very low rates from Morrison upon silica, soda and any other articles used in the manufacture of glass.

Q. What do you regard as a very low rate?

A. I regard four cents as a rate so low as being entirely without profit to the carrier. We have been obliged to make a rate of four cents on lime rock because of competition. I think about six cents would be a fair rate, but still, in order

to encourage the establishment of a glass factory in Denver, we would make the rate four or five cents a hundred. If he was to ship large quantities we would be pretty apt to make it four cents, and would be willing to enter into a contract for a period of years to that effect. We will do this for any other class of business, or for any other manufacturer who wishes to start in Denver. We are hauling silica and soda for glass works now that are in operation in Denver, from Glencoe to Denver, for four cents a hundred.

Q. How far is that?

A. About the same distance as Morrison, just about the same; it may be a few miles more.

Q. Now, I have covered pretty much all that occurs to me. If there is anything that we have not asked you about which would bear upon the matter which is properly before us for inquiry, that you would like to say, we desire to give you an opportunity to say it?

A. I was fearful this morning when we started, that there would be something you would overlook, for that reason I made a few remarks on that subject, but I can't now think of a thing further.

Q. You think we have covered the ground pretty well?

A. Yes, sir; I think the ground is pretty well covered.

W. G. Brown, recalled:

Q. (Mr. Gilmore.) You have indicated that you desired to make some statement with reference to some testimony that you have previously given. You have now an opportunity to do so?

A. In making the quotation on the soap rates from Chicago referred to, in 1877 or 1876, I stated that the rate was sixty cents a case, which is correct. The rate previous to that was \$1.40 per hundred, and Mr. Rollins made the remark that that was a reduction of fifty per cent. and over; I assented to it without thinking; it is not a reduction of fifty per cent.; it is forty instead of fifty.

W. B. Hamblin, being first by the Chairman duly sworn to tell the truth, the whole truth and nothing but the truth

as touching the matters under investigation by this Committee, testified as follows:

Q. Where do you reside?

A. In Denver.

Q. What is your business?

A. I am General Agent for the Atchison, Topeka and Santa Fe.

Q. How long have you been in that business?

A. About one and one-half years.

Q. How long have you been connected with the freight business of that railroad?

A. For the same length of time.

Q. Have you been familiar with the freight business in Denver for a longer period than that?

A. Yes, sir; that is, for several years.

Q. In what capacity, and where?

A. Previous to coming here for the Santa Fe, I was General Agent for the C. B. and Q. at Council Bluffs. Before that I was connected with the B. and M. railroad in Nebraska.

Q. Is your road in the combination known as the Colorado pool?

A. Yes, sir.

Q. The evidence which has been produced before us is to the effect that the manufacturers and merchants of Colorado are not able to sell their products, and their merchandise or manufactures, anywhere in that portion of the country South of Pueblo, in Colorado, that is, South of the East and West line that would pass through Pueblo, and at New Mexico and Arizona points, because of rates that are made by your company, in two ways: First, it is said that the rates from Missouri River points into that section of country are made as low as or lower than to Denver, and that arrangements are made by some special tariff, or otherwise, by which you discriminate against things that are made or raised in Colorado, as against things that are shipped in here and then shipped out. Can you give us any information on these matters, and if possible answer in the order in which I have mentioned them, so as to keep the record clear?

A. I would say that so far as the rates from Kansas City to these points being lower than the rates to Denver, or the rates from Denver to any points in Arizona or New

Mexico, that it is not true in any sense of the word. We never have made a rate from Kansas City to points in New Mexico or Arizona so low as the rates to Denver, or as low as from Denver to these points, either.

Q. A special tariff has been exhibited before us, dated in 1882, or the first part of 1883, stating that the rates on this tariff are not to apply to the products or manufactures of Colorado. A comparison of that tariff with the published sheet showed quite a large reduction. Does that continue to the present time?

A. No, sir; I will say that that tariff has not been used since January, 1884.

Q. It was in use up to about that time?

A. Yes, sir; for a certain length of time.

Q. An iron manufacturer who was upon the stand, who manufactures simply iron machinery for mining purposes, mentioned several instances, but one of which occurs to me, and that is of an engine and every thing that goes with a hoisting apparatus for deep mining operations. A gentleman by the name of Light, William Light he said, came from New Mexico to him to purchase such an apparatus. He went to your local agent or your general agent, I don't know which, and inquired the rate from here to the point where it was to be used in New Mexico, and he found that the price was—giving one—I don't remember the amount. The purchaser said he could buy the same thing here at the same price of a merchant who bought it in the East, and that the rates would be very much lower. He ascertained, by consultation with the merchant, that that was true. So he found that he stood at that disadvantage. Do you know anything about such transactions as that or similar ones?

A. No, sir, I don't; but if anything of that kind should have happened—have you that special tariff there?

Q. I think the regular stenographer has it with his minutes. This man said he could ship this machine from the East to here, and from here to New Mexico cheaper than he could ship a machine manufactured in Denver?

A. I think very probably that is true; that is, it was true at that time, but it was based upon the theory that we got nineteen per cent. At that time we were getting nineteen per cent. of the business of the Colorado pool, and, of course, controlling all of that line from Kansas City clear

down there, we naturally wanted to make as much money as we possibly could, and we made a distinction between manufactured articles and these that we shipped in. As I say, that tariff was withdrawn in January, 1884, and it has not been in effect since.

Q. So that matter would not be a source of complaint at the present time?

A. No, sir.

Q. At the present time, what is the state of tariffs which you have in force which apply to such manufactures as those of the Colorado Coal and Iron Company—nails, bar iron and such things?

A. It is a special tariff. We make it to apply where it is necessary to do so. Of course, we don't have to do it at all points on the line of the road. Where a special case comes up of competition with either the East, West, or South, we make our rates to benefit the Colorado manufacturer in every possible way. It isn't a rate that is published, but whenever we find it necessary to make a rate to allow them to do the business we do it. It's only necessary where we come into competition with the roads on the South or East, or on the West of us; but then we do it. There is one thing, Mr. Gilmore, that I wanted to be asked about, and that is in regard to the statement of Mr. Taylor, of the D. and N. O., made in regard to some coal business, the other day.

Q. My recollection of Mr. Taylor's testimony is this: That he had an order, at the time when the Colorado Coal and Iron Company's men were on a strike and they were not able to produce any coal, for one car, with the understanding that if they liked the kind of coal at Halstead, that they would order a large number of cars; and that his car was loaded, was sent down to Pueblo and there run upon a side track. It remained there several days and was not transported East. He made inquiries and found that the local agent had instructions not to transfer the car East; that the rate on coal from Pueblo to Halstead was such that he could deliver it there at a good profit. His statement was that a certain rate was fixed on coal from Pueblo to Halstead, and that when he got his additional orders for more coal, the rates were raised to such a figure as to make it a prohibition?

A. Mr. Taylor came into my office and asked my clerk for the rate on coal from Pueblo to Larned, Kansas, and not to Halstead at all. We only know about the one transaction.

Q. He spoke of Halstead as being about 400 miles east of Pueblo, and then he spoke of another point as being about 300 miles east of Pueblo. He spoke of two transactions.

A. There was only one transaction, and that was Larned.

Q. How far is that?

A. That is about 350 miles from Pueblo.

Q. He never had any other transaction?

A. He never had any other transaction unless in conversation with himself. He went to my clerk and asked him the rate, and he gave him just half of what the regular rate was. I knew nothing about it at the time. When the car got to Pueblo the agent telegraphed to me to know if I had named such a rate. I said no. I asked my clerk, and he said he gave the rate. I immediately notified Mr. Taylor that the rate would not hold on any other cars, because it was a mistake, but it would hold on that one car. It's very absurd to think that anyone is going to send coal to Kansas when they have coal at hand, and the coal doesn't cost so much as the freight between Pueblo and the point.

Q. He mentioned in his testimony that he had an opportunity to ship coal to some smelter at Pueblo which was two miles from the end of his track; that you have a track, or side track, running from the point where his line terminates, to this smelter—a broad gauge track—and that he has to take his cars to the end of his track and haul the coal to the smelter in wagons, because the Atchison, Topeka and Santa Fe railroad will not haul his cars to the smelter.

A. That is the first I ever heard of it. I think Mr. Taylor is mistaken, because I am pretty well satisfied that where we have a track to a smelter we switched his cars for him during the strike, for two dollars a car. There's another thing, Mr. Gilmore, in shipping this coal East, all the time this was going on we were bringing coal from Kansas into Colorado. It's nothing but an absurdity to say that we were shipping coal into Kansas at that time,

because we were bringing coal here from there all the time, and are to-day.

Q. Do you know anything about any threat to tear up any track or break any switch connected between the D. & N. O. and your road, so as to prevent the shipment of coal to any smelter at Pueblo?

A. No, sir, I do not; and I want to say in connection with this coal business at Pueblo, Mr. Gilmore, that we only run into one smelter at Pueblo, and that we delivered all the coal that was offered to us during this strike, only charging two dollars a car for switching.

Q. You delivered it for any company?

A. Yes, sir, and especially for the D. & N. O., but at the present time I don't imagine we would do it when we have plenty of coal on our own line to give them; but during the strike we took all the coal that was offered and delivered it to them at a switching charge of only two dollars a car. In regard to the manufacturers in Colorado I would like to say that I have here a classification which shows the freight rates from Buffalo, Port Huron, Suspension Bridge, Black Rock, Parkersburg, etc., West, and manufacturers here complain that they can't do business on our present classification. In this classification these places are all situated in the manufacturing counties of the Eastern States, and our westward classification is almost identical with it in every respect. I think if we take the "discrimination" that they complain of and put in this classification to show just what the classification is East, it would possibly do them good. I would like to have it brought up in the same manner they are brought up in evidence, and I will be very glad to furnish you the classification used at these eastern points.

Q. You may make any statement you desire. The only objection that we have heard of in regard to classification is in the matter of saddlery hardware?

A. The classification makes the rates. They claim that the rates on certain articles are too high or too low in Colorado. Now, if the rates and classification will apply to all these manufacturing places in the East, they surely ought to apply in Colorado, otherwise Colorado isn't a place in which to manufacture articles that they complain of. Now, then, if I understand it, there is a matter of furniture, boilers, bridge iron, all kinds of iron, and everything

of that kind that they complain of as to the rates being too high or too low. If they can't put themselves on a basis with other manufacturing communities, they ought not to ask the railroads to come in and help them out.

Q. I will ask you, then, what the classification is on boilers, on the one hand?

A. In this classification boilers of thirty feet and under are fifth class. That is the same as our class "A."

Q. What is the classification on boiler tubes?

A. A boiler tube and a boiler flue are the same thing. They are fifth—that is, in car load lots.

Q. What is the classification and rate that we are operating under here?

A. I don't think there is any car load rate on flues here.

Q. What is the classification on wire rope, East?

A. Third class.

Q. What is it here?

A. Third class.

Q. What is the classification on iron bridges, put together ready to be erected, in the East?

A. Fifth class.

Q. What is it here?

A. The same.

Q. There has been a change, has there not, on bridge material lately?

A. Yes, sir; this classification gives bridge material, both wood and iron, the same classification. Our classification on wood is Class "B.," and on iron is Class "A."

Q. I will ask you now to turn to the classification on finished furniture?

A. In car loads, fourth class.

Q. What is it in the knock-down condition?

A. Fifth class. Ours is all in Class "A.," all in one class, the same as fifth class.

Q. Whether finished or unfinished?

A. Yes, sir.

Q. I will ask you now to look at carriages and buggies?

A.. "Vehicles of all kinds, except farm wagons or cars, carriage, buggy or spring wagons, hand or street cars, fourth class, in car loads; wagons or cars, fifth class."

Q. Now what would it be in regard to the material that goes into the manufacture of these? Wagon wood?

A. "Wagon material, unfinished or otherwise, fifth class," just the same as the manufactured article. Wagon wood is twenty-five cents a hundred less than the manufactured article. We can't get a full car of carriages, set up or knocked down either. You can't put a full car load of carriages. Iron: Bar iron or boiler is fifth class in the Eastern rate. Iron bolts, nuts and rivets, fifth class.

Q. Is there anything else that you would like to say?

A. On the sugar and fruit from California I might say a little something.

Q. I will refer to the matter of the transportation of the products of the Pacific Coast to Colorado, and the difference that is made between shipping to Missouri River points and shipping to Colorado points. You may explain that if you can?

A. I would explain it very much as Mr. Shelby did, except that I would add that the lines in Colorado all end at the Missouri River, and that if these rates weren't made and the price of the product along with it weren't made low in order to get in to the Missouri River, the lines west of the Missouri River would get no haul at all, for the simple reason that they could not compete with the River from New Orleans up and the water to New York and the freight rates west from New York to Chicago, St. Louis and Kansas City. The same will apply to the fruit; that is, if we didn't make the rate as low as it is, we wouldn't be able to get anything in to the Missouri River, and consequently would get no business in that way, because it would all be brought from the South and East.

Q. Your lines come into competition with the products from the South in bringing articles from the California Coast?

A. Yes, sir.

Q. Then your answer in a general way will be that you don't regard the rate to Colorado as too high, but the rate to the Missouri River points is very low.

A. Yes, sir, in order to meet the competition of which I have spoken.

Q. If we had a direct communication with the Gulf from here, it would bring us into the same competition?

A. If we had water communication it would; a rail-

communication wouldn't, because it costs so much to transport it. These rates are made in competition with water entirely; it isn't by any rail at all. There is another thing, Mr. Gilmore, that I would like to go back to, and that is the protection of Colorado products of all kinds. Just at the present time we are getting ourselves in trouble in Kansas because we have made very low rates in Colorado on wheat and flour. They have just introduced a bill in the Kansas Legislature, reducing the rates on these products from Kansas to the Missouri river, to correspond with the rates from Colorado. We have very good reasons for it, but we can't explain to those people over there why we should haul three or four hundred miles cheaper; and the same thing applies to this California business. So far as our business in the South is concerned, we have always done and always will do everything possible to build up Colorado, provided that in so doing we don't hurt other portions of the country we run through and ourselves. We have made special rates in New Mexico wherever we could possibly do it without great injury to ourselves. Of course, we are rather peculiarly situated, because we have a line from Kansas to Deming in New Mexico, which is a very long haul. If we get a small proportion of the business into Colorado and then give very low rates from Denver out, we are ruining our own local tariff between Kansas City and these other points which we control. In the matter of potatoes and grain and everything of that kind we have made very low rates to help out the farmers here. It has been asserted several times that our tariff between Denver and New Mexico was higher than our tariff from Kansas City to New Mexico. I wish to say positively that this is not true in any sense of the word. There is a difference of three hundred miles haul from La Junta to Denver and return. We want to take also into consideration the handling of that freight twice where otherwise it would not be handled at all. If we bring it into Denver and take it out again, we haul three hundred miles for nothing and handle the stuff twice for nothing.

Q. I think that our merchants ought to know that there is now no discrimination on the part of your company as against our manufacturers in favor of goods that are shipped into here?

A. They have known it for one year, Mr. Gilmore, and they won't come in here and tell it because it wouldn't have the same effect as if they go back three or four years and tell something that happened at that time. Every manufacturer has known it for a year and over, and there is nothing of that kind.

Mr. Jackson here produced before the committee a statement, which he explained as follows:

This is a statement showing the rates from 1880 to 1885, so as to show, if possible, to your committee that we don't want to do any special damage to anybody, and that we have been reducing our rates, instead of increasing them, ever since the road has become a carrier of ore to any great extent.

The statement exhibited by Mr. Jackson was in words and figures as follows, to wit:

DENVER & RIO GRANDE RAILWAY COMPANY—General Freight Department.
 TO R. F. WEITBREC, Esq., DENVER: DENVER, COLORADO, JAN. 20, 1885.
 Statement Showing Reductions in Ore Rates from 1880 to 1885.

FROM	TO PUEBLO.		TO DENVER.		TO LEADVILLE.	
	Original Rate.	Reduced to	Original Rate.	Reduced to	Original Rate.	Reduced to
Denver -----	.12 Jan 1880	.10 July 1881				
Leadville -----	.45 Aug. 1880	{ .40 Jan. 1881 .25 July 1881	.45 Aug. 1880	{ .40 Jan. 1881 .25 July 1881		
Robinson, Kokomo-----					.15 Dec 1880	{ .10 1883 .08¼ 1884
Maysville -----	.36 1881	{ .25 1882 .20 1884	.36 1881	{ .30 1882 .25 1884	.36 1881	{ .25 1882 .30 1882
Sargents -----	.39 1881	.30 1882	.39 1881	.30 1882	.39 1881	{ .30 1882 .25 1885
Durango -----	.65 1881	{ .50 1883 .45 1885 .60 1883	.70 1881	.50 1883		
Silverton -----	.75 1882	{ .55 1885 .40 1882	.80 1882	.60 1883		
Gunnison -----	.50 1881	.40 1882	.50 1881	.40 1882	.50 1881	{ .40 1882 .25 1884
Villa Grove -----	.40 1881	.30 1882	.40 1881	.30 1882	.40 1881	.30 1882
Crested Butte-----	.60 1882	.40 1883	.60 1882	.40 1883	.60 1882	.40 1883
Red Cliff-----	.45 1882	{ .40 1883 .35 1884	.45 1882	{ .40 1883 .35 1884	.25 1882	{ .15 1882 .10 1884
Wheeler -----	.45 1882	{ .35 1884 .25 1884	.45 1882	{ .35 1884 .25 1884	.20 1882	.10 1884
Frisco, Dillon -----					.20 1883	{ .10 1884 .12½ 1884
Rockwood -----	.70 1882	{ .55 1883 .50 1885	.75 1882	.55 1883		
Kezar, Sapinero-----	.50 1882	.40 1884	.50 1882	.40 1884	.50 1882	.40 1884
Garfield, Monarch-----	.25 1884	.20 1884	.30 1884	.25 1884		

Yours truly,

C. F. ZIMMERMANN, A. G. F. Ag't.

At 5 o'clock p. m. the committee adjourned, subject to the call of the chairman.

Q. Mr. Daniels, I will ask you to make a statement of any matters that may occur to you, that would be of interest in advising the Committee upon matters and things which have been submitted to it under the two resolutions of the House of Representatives, which have been shown to you?

A. I will say that I do not know what the practice of the railroads in former years may have been towards manufacturers in Colorado, but I do not believe that it is the desire or the intention of the railroads between the Missouri River and Colorado, at the present time, to discriminate against the local industries of Colorado. On the other hand, I do know that it is the avowed purpose of the railroads, members of the Colorado Railway Association, to use every means in their power consistent with a broad commercial policy to encourage manufactures in Colorado and to foster and build up her home industries. As an evidence of this policy on the part of the railroads, and that there may be no misunderstanding in regard to their present position touching this important question, the following circular, issued by the Denver Chamber of Commerce and Board of Trade, under date of Jan. 30, 1885, in which they quote a letter from me (which the managers of the lines instructed me to write) explains itself:

Circular issued by the Denver Chamber of Commerce and Board of Trade:

IMPORTANT TO MANUFACTURERS.

THE DENVER CHAMBER OF COMMERCE }
AND BOARD OF TRADE, }
DENVER, COLO., January 30, 1885. }

The subjoined circular represents the interest now taken by the great trunk railroads in the establishment of manufacturing enterprises in Colorado. When it is considered that this letter comes from all the roads spanning the plains between the Missouri River

and the Rocky Mountains, it will be seen that the freights on eastern or foreign goods over the 650 miles of plains railroad will act as a protective tariff that will soon cause many new industrial enterprises to be established in Denver for distribution through and beyond this State. The raw material is found near here for a surprising variety of industries, and it is believed that no section of the world presents a more promising field than that of Denver and its immediate neighborhood. Labor is cheap; and the people are ready to use home products. The railroads will give their important encouragement. Many persons in failing health in the Eastern States, familiar with manufacturing, and desiring to establish their particular industries here so as to receive the benefit of our wonderful climate, have hesitated from fears of railroad opposition. The subjoined letter clearly proves that the railroad companies themselves wish this idea to be eradicated. At the meeting which directed its issue there were present: Thos. L. Kimball, General Traffic Manager Union Pacific Railway; P. P. Shelby, General Freight Agent Union Pacific Railway; G. W. Holdrege, Assistant General Manager Burlington & Missouri River Railroad; Thomas Miller, General Freight Agent Burlington & Missouri River Railroad; J. F. Goddard, Traffic Manager Atchison, Topeka & Santa Fe Railroad; A. S. Hughes, Traffic Manager Denver & Rio Grande Railway; Geo. H. Daniels, Commissioner Colorado Railway Association. The action taken by the Association was unanimous. The Denver Chamber of Commerce and Board of Trade will shortly issue its annual report for 1884, in which reference will be particularly made to some of the industries which should, and no doubt soon will be, by some one, profitably established in Denver. Copies may be had by addressing the Secretary, Frank Hall, at Denver.

R. W. WOODBURY,
President.

COLORADO RAILWAY ASSOCIATION.

(Union Pacific Railway, Burlington & Missouri River Railroad, Atchison, Topeka & Santa Fe Railroad, Denver & Rio Grande Railway, Denver, South Park & Pacific Railroad.)

OFFICE OF THE COMMISSIONER,
DENVER, COLO., January 27, 1885. }

*R. W. Woodbury, Esq., President Denver Chamber of Commerce and Board of Trade,
Denver, Colorado:*

DEAR SIR—I am instructed by the managers of the lines, members of the Colorado Railway Association, to say to you that they will be glad to use every means within their power, consistent with a broad commercial policy, to encourage manufactures in Colorado, and to foster and build up her home institutions; and to this end they will be pleased at all times to meet, through their representatives, committees of your association or others, for

the purpose of discussing means for the advancement of such interests, believing, as they do, that the interests of the people of the State of Colorado and of the railroads, members of this Association, are largely identical, and that whatever legitimately advances your interests must advance the interests of these railways. This Association invites, through your Chamber of Commerce, the attention of manufacturers of the United States to the natural advantages of the Rocky Mountain country for the establishment of industrial enterprises.

Very truly yours,

GEORGE H. DANIELS,
Commissioner.

We have for the past year been endeavoring to so regulate our classifications and tariffs as to protect, so far as we could do so, such industries as obtain the raw material, necessary for the prosecution of their business in this State. I know many instances of this character, notably that of the Colorado Coal and Iron Company, whose various products are largely protected by these lines. I refer to their rails—both railway and mining—nails, merchant bar iron, etc.

The railways, members of this Association, have repeatedly during the past year, and even within the past thirty days, been requested to reduce rates upon matches, canned goods, carriages, machinery of various kinds, and, indeed, almost everything that is manufactured in Colorado, the argument being made by the Eastern dealers and manufacturers that, on account of the manufacture of the articles referred to, in Colorado, they were losing this traffic, and desired us to help them out by making lower rates. In every instance this has been declined by these railways, on the ground that a reasonable protection to manufacturers in Colorado would in the end bring the railways a larger revenue from the traffic than if no manufacturing was done in the State, from the fact that the population would be largely increased, and the consumption of general merchandise would increase with the increase of population, and in this way the railroads would be remunerated in the future for the present loss of revenue on manufactured articles that they might bring here.

Carrying out this policy, at the meeting of the general classification committee, held in St. Louis on the fourth day of this month, the Colorado lines obtained a number of changes in the classification which will be of importance to Colorado; notably, in the classification of wagon wood, which has for some time been Class "A" in carloads. Upon our earnest request the lines consented to the reduction in

classification of this wagon wood from Class "A" to Class "B," thus promoting the manufacture of wagons and carriages in Colorado, from the fact that the wood for their manufacture has to come from points East of the Missouri River.

Iron bridge material has been for some years Class "B" in carloads. At our request the classification committee consented to raising the rate on iron bridge material to Class "A." This increase in the rate is just so much protection to the Colorado manufacturer, for the reason that the iron is produced in this State.

A petition from very important shippers was presented at the classification meeting for the reduction of the rate on soap to Colorado, owing to the fact, as stated, that soap was being manufactured here. These lines protested against any reduction in the rate, and secured the protection of the present rate to the manufacturers of this article in Colorado.

Manufacturers of matches, and, in fact, a number of heavy dealers in this commodity, presented a very earnest appeal for a carload rate on matches, stating that from the fact that they were now being manufactured in Colorado, they could not ship at present tariff in competition with the home manufacturer. This rate we also protested against, and secured the present protection of first-class to the Colorado manufacturers.

For all the lines interested in this traffic, I am prepared at any time to take up individual cases of alleged discrimination and consider them fairly, with a view to their adjustment upon a fair and liberal basis.

There is a constant demand on the part of jobbers and manufacturers on and east of the Missouri River for a reduction in the tariff rates between the Missouri River and Colorado points, and this demand is strongly seconded by a large proportion of the population of this State, especially the mining interest, which demands low rates, not only upon the necessaries of life, but also upon the machinery with which to prosecute their business. Regarding the rate on machinery, it should be borne in mind that when the railroads first came to Colorado the mining interest was the only one of any consequence in the State, and the general demand for machinery from the East, which was not at that time manufactured in this State, was such that

the railroads, desirous of fostering the great industry of the State, made extremely low rates, and those rates have continued to the present day. It is only within a comparatively short time that machinery has been manufactured to any great extent in this State; in fact, it is well known that large quantities of machinery for mining and smelting purposes come now from the older manufacturing cities of the East, and even from foreign countries.

So far as our general tariffs are concerned, I will say, that at the united request of a large proportion of the shippers of Colorado, made through the representative men of Denver, Pueblo, Leadville, Gunnison and other points, the line's members of this Association did, on the 1st day of August, 1884, make a reduction to very nearly, and in some instances, quite the rates asked for by the shippers. The reductions made are as follows: The first class rate was reduced from \$2.40 to \$2.10 per hundred pounds; second class from \$2.00 to \$1.70; third class from \$1.75 to \$1.40; fourth class from \$1.35 to \$1.15; fifth class from \$1.25 to \$1.00. This should be an evidence that the railroads do desire to treat the people fairly in the matter of rates; and that we have done so to a very great extent, we confidently refer to the shippers and receivers of four-fifths of the traffic of Colorado.

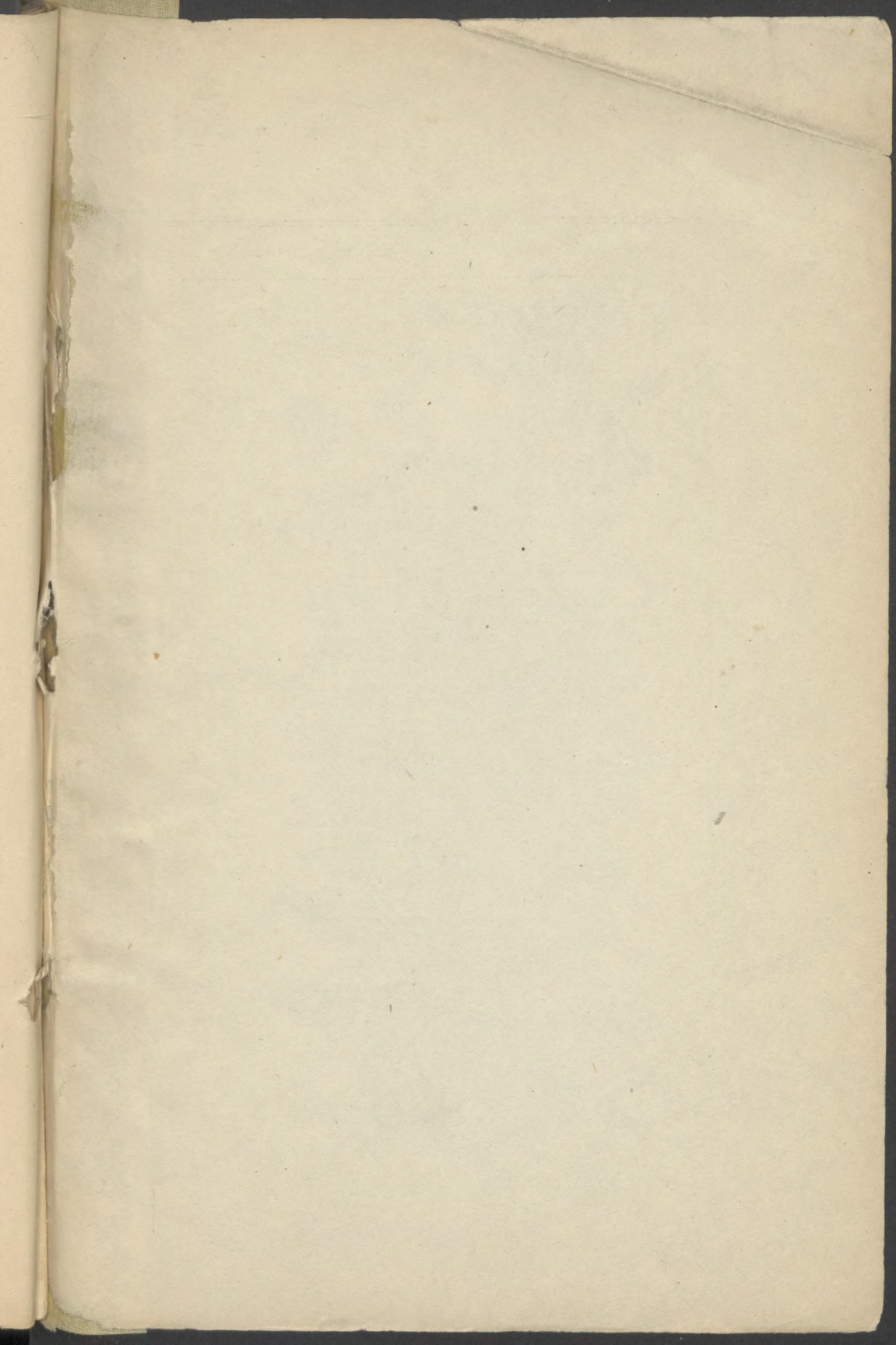
Regarding our general classification, I desire to say that the railroads West of the Missouri River have been laboring for several years to secure the adoption of a uniform classification through from Chicago, St. Louis and Missouri River points to all points in Kansas, Nebraska and Colorado and the West, and that nearly two years ago such a classification was agreed upon and the present joint western classification was adopted. The adoption of this classification has simplified the business very materially, and has met with the hearty approval of the principal shippers in all the Western States. It has been deemed so just to all classes as to have been adopted by the Railroad Commissioners of several of the Western States as the legal classification of those States, and with a view to protecting all interests and to prevent complications which arise from frequent changes in the classification, it has been agreed by all the important lines in interest West of St. Louis and Chicago that no change shall be made in the present classification except by unanimous consent. Every shipper of

any importance in this State will inform you that this result has been desired by them for years, and that the adoption of a uniform classification from Chicago and St. Louis to points in Colorado has been a very great convenience to the shipping public.

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Photomount
Pamphlet
Binder
Gaylord Bros. Inc.
Makers
Stockton, Calif.
PAT. JAN. 21, 1908

