

West Virginia's Development Largely Dependent on Its Railways

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VIEWS OF H. G. DAVIS

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Corporations are essential to large business transactions. They are competent to conduct enterprises beyond the ability of the individual by combining the capital, labor and talents of the many. They are created by the State, and are regarded as an important part of the modern system of commercial life. Much of the prosperity of West Virginia is due to corporations, and especially railways, which have made possible its present and future development.

All property, including that of railways and other corporations should pay a fair and just proportion of the taxes. The railways of West Virginia are the creatures of the State; they are the leading factors in its advancement; they are entitled to fair and liberal consideration by the people and State; and, in turn, should be required to serve well the people and their interests.

The more numerous the railways, the better it is for the State and its people, as competition helps the community.

The great mineral and timber resources of West Virginia would be worth little without its railways. They open up the country, build towns, create business and markets, produce additional taxes, and increase values generally.

It is estimated that the coal, coke and lumber produced and shipped from West Virginia last year brought into the State sixty millions of dollars. This vast sum, which came from other States, was expended among her people for labor, material, etc.

The amount of tax paid by railways is of little or no consequence, compared with the wealth and prosperity created by the railways. The value of the coal and lumber alone, transported to market last year was nearly fifty times the entire amount of taxes paid by the railways to the State. West Virginia should tax railways, as most of the other States do, on their gross revenue, which would impose taxes on the smaller and less productive roads according to their ability to pay them.

A State, county or town that has not proper railway facilities is behind the age, and without railways we would think the State not worth living in.

While railways are built by active, enterprising men, who take the

risks involved and are entitled to a fair return upon their investment, yet it is often a precarious undertaking, and sometimes they lose all they invest. Practically all of the railways of the State, except those in which Senator Elkins and I are interested, have been in the hands of receivers, and they would have been had we not put into them all the money we had or could borrow.

For years, and until recently, the policy of the State has been to invite and encourage railway building, and the State has prospered under it. Why should it change now, and discourage capital in investing in the State?

Previous to last year, West Virginia annually built more miles of railway than the average of the Southern States. A statement recently issued by the Manufacturers Record shows that the average miles of steam railway built in the sixteen Southern States, in 1907, was 208; while in West Virginia the number of miles built was 78.7. There must be some reason for this. By some it has been attributed to the unfavorable financial conditions of the country. If this is the cause, why did it not similarly affect the other Southern States which constructed, on an average, more than two and a half times as much as West Virginia? I feel sure that it can be charged to the State's unfriendly attitude toward railways.

In 1905 and 1906, West Virginia built 496 miles of railway, or an average of 248 miles per year. Why is it she built less than 80 miles in 1907?

From 1900 to 1905, the per cent. of increase in West Virginia, in population, wealth and railways, was greater than in Pennsylvania, Ohio, or the entire United States, as following table will show:

	PER CENT. OF INCREASE.			
	W. Va.	Ohio.	Penna.	U. S.
Population.....	12	7	10	10
Wealth.....	27	18	23	21
Railways.....	20	5	8	13

The assessment of all property in West Virginia for 1904 and 1907 was as follows:

	1904.	1907.	Per cent. of increase.
Real estate.....	168,480,150	487,110,791	188
Personal property.....	80,306,209	198,674,731	147
Property assessed by Board of Public Works	30,043,300	244,154,694	712
	278,829,659	929,940,216	233

The above shows that the per cent. of increase in the assessment by the Board of Public Works, which is principally on railway property, is several times greater than the assessment of other real and personal property of the State.

Why have we changed our policy, and stopped West Virginia's progress? Our unfriendly attitude and legislation have done far more to interfere therewith than has the tax on railways, although the two-cent

law works an especial hardship on West Virginia railways. Owing to the mountainous character of the country, they cost more to build than in other States. There is less wealth and population, proportionately, than in the adjoining States. The population of West Virginia per square mile and per mile of railroad, compared with the neighboring States, is as follows:

POPULATION.		
	Per sq. mile.	Per mile of R.R.
West Virginia.....	38	297
Ohio.....	102	447
Pennsylvania.....	140	453
		559
		808

Of course, where there is less population and wealth, there is less travel.

A year ago there was a popular feeling which resulted in the two-cent railway rate law, and imposed especial hardship upon the railways, particularly the new and short lines.

The General Manager of the Coal & Coke Railway has made up a statement of the earnings and expenses of the passenger traffic of the road for the six months ending November 30, 1907, which shows that under the two-cent rate law the loss to the railroad has been \$79,340, or an average of \$13,223 a month, or about one hundred and fifty thousand dollars yearly.

The repeal of the two-cent law would be an act of justice to the railways, and do more to restore confidence and bring new capital into the State than anything that can be done. Governor Hughes, of New York, vetoed the two-cent rate bill. That and other similar acts may make him President. The Pennsylvania Supreme Court, on application of the great Pennsylvania Railroad, the largest and richest railway in the country, nullified the two-cent rate law. If this great railway, running through a rich and prosperous country, with Philadelphia at one end and Pittsburg at the other, these two cities alone containing more than twice the populaion of West Virginia, cannot carry passengers at two cents a mile, how can a small and expensive railway, through a sparsely populated country, do so? Governor Glenn, of North Carolina, called the Legislature together for the express purpose of repealing the two-cent law. The railway commissioners of Georgia and Alabama have changed their ruling from two to two and a half cents. A committee of Congress heard arguments on the question of a two-cent rate law for interstate roads, and concluded that they could not be operated without loss at two cents per mile. By repealing the two-cent law, it would encourage capital to come and build new lines, thereby greatly adding to the prosperity and wealth of the State.

West Virginia has more and better coal than Pennsylvania, yet Pennsylvania sends to market several times as much coal as West Virginia. Pennsylvania, per square mile, has about double the miles of railway of West Virginia. Give West Virginia as many miles of

railway per square mile as Pennsylvania, and she will send as much coal to market as Pennsylvania. There are over fifty thousand coal miners in West Virginia. Build more railroads, and give them a chance to rival Pennsylvania. We must go outside of West Virginia to get capital; but it is timid, and will not go into unfriendly States. It is not alone what has been done, but the apprehension of what may yet be done to further cripple the railways.

To show the influence and effect of railways upon values, take, for example, Hardy and Pendleton Counties and Randolph and Tucker Counties, in the same region, all of which were without railways in 1880, but since then railways have been built in Randolph and Tucker.

	TOTAL ASSESSMENT.			
	1880.	1907.	Increase.	Per cent.
<i>Counties without railways.</i>				
Hardy.....	\$2,428,122	\$4,076,053	1,647,931	68
Pendleton.....	1,587,953	3,762,836	2,174,883	137
	<u>\$4,016,074</u>	<u>\$7,838,889</u>	<u>\$3,822,815</u>	<u>95</u>
<i>Counties with railways.</i>				
Randolph.....	\$1,102,473	\$22,051,981	\$20,949,508	1,900
Tucker.....	479,693	10,987,614	10,507,921	2,190
	<u>\$1,582,166</u>	<u>\$33,457,429</u>	<u>\$31,457,429</u>	<u>1,988</u>

The average increase of Hardy and Pendleton Counties, without railways, from 1880 to 1907 was 95 per cent., while the average of Randolph and Tucker Counties, with railways, was 1,988 per cent., or 20 times as much. The assessment of railways alone was:

Randolph County, 1907.....	\$4,341,241
Tucker County, 1907.....	2,347,000

The assessment of the railroads in Randolph and Tucker Counties is, therefore, now four times the entire amount of the assessment of real and personal property in those counties in 1880, and nearly as much as the entire assessment in the Counties of Hardy and Pendleton in 1907.

Railways help the people in many ways. Take Braxton County, for instance. Before the building of the Coal & Coke Railway, in order to reach Charleston by rail, the people of that county had to go by the way of Clarksburg, Parkersburg and Point Pleasant, requiring three days to make the trip, and costing from twenty-five to thirty dollars. Now, by the Coal & Coke, they can go and return the same day, have several hours in Charleston, at a cost of not more than five or six dollars.

We do not, by law, regulate the price of coal, gas, lumber, iron, etc. Why should we act differently with railways?

We want West Virginia and the people to prosper, and, in my opinion, the best way to do this is to be just and fair to corporations, to repeal the two-cent law, and tax the railroads on their gross revenue, which would relieve the small and new roads of the burden imposed by the present method of assessment.

WASHINGTON, D. C.