

Pearsall injunction

Sept. 10, 1895

Hill to Jacob Schiff

The atty.-gen. of Minn. was in the court the whole time of the argument of the Pearsall suit & during the trial he took the greatest interest in any allusion to the proposed capitalization of the Nor.^Pac. & said the greatest interest of the State was to prevent too large an amount of capital from being issued on 3,350 miles of railway. The wheat-rate case tried by our Co. early in summer turned entirely on the question of a fair return on the value of the property regardless of its cost. The average cost for the state, including N.P. is about \$46,000 per mile. The Atty.-gen. for the state and his witnesses started in at a valuation of about \$20,000 per mile, but were in cross-examination

forced up to about \$30 or \$32,000 per mile. In reorganizing the N.P. & proposed issue of 175,000,000 of bonds & 150,000,000 of stock would be an average of \$83,300 a mile. It is doubtful if the state has any legal right to a hearing where the corporation is a federal one still, with a man like Judge Caldwell, who is always ready to restrict corporations, & is at present named as a Presidential possibility with a support of Populists & labor organizations, it is not by any means certain that he would forego the chance to 'squeeze' the water out of the proposed Company & if he should take this course, it would be very difficult to get the capitalization both stocks & bonds above 45 or 50,000 dollars per mile. Judge Hanford is a fair minded, strong, sensible lawyer, but

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would probably follow the same course on the
Western end, should Judge Caldwell take action
on the Eastern end. During the entire existence
of the N.P. it has been well understood that
its construction and operation were extravagant
and wasteful and the people do not feel that
they should be burdened with the financial re-
sponsibility through the rates of transportatic
to be collected to cover the want of attention
on the part of those who bought the bonds, as
to the manner in which the money was spent, or
the wasteful methods of the Company.

JJH LetterBook, 7/9/95 - 7/8/98, p. 156