

Stephen, George

May 25, 1901

Hill to Lord Mount Stephen

"The Pennsylvania controls the Norfolk & West<sup>n</sup>  
Ches. & Ohio, Balt & Ohio, and in fact all the  
lines between the Southern Ry lines and the  
Erie as far west as St. Louis. The N.Y. Cent  
controls the Mich Cent & Can Southern, a large  
mileage in Michigan, the Lake Shore Nickel  
Plate Big Four and practically all the lines  
between the Penn Cos lines and the Great Lakes  
except the Erie, and I have no doubt, they or  
the Penn Co. will control the Erie in a very  
short time. The Union Pac now controls the  
Southern & Central Pacific, the Colorado Denver  
& Gulf the Chic & Alton and other lines in that

Territory. They also tried hard to control the CB&Q but failed. The C. & N. W. Ry is controlled by the N.Y. Central people. This concentration of lines has already resulted in arrangements between the lines east of Chicago, which practically farms out or divides the Western traffic in both directions so as to take the lions share of the rates for the lines east of Chicago. The old Cos like the Alton, the Rock Island and to a degree the CB&Q and St. Paul [Milwaukee] are forced to accept divisions of rates and conditions which have practically made them no longer independent. For three years past the Trunk lines east of Buffalo demanded from us that we should hand over to them the rate making power of our Northern S/S Cos boats on the

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Lakes. So far we have been able to prevent  
this for the reasons that our lines originate  
so large a grain & flour traffic, that we have  
been able to hold open both the Lackawanna and  
the Lehigh. However even these lines are during  
the past year passing under the control of in-  
terests allied with the Trunk lines." "We have  
secured for ourselves the dominating influence  
in the Northwestern states of the Union equal  
to about one fourth of the entire area of the  
country. We have secured another advantage by  
being in the best position to receive the west-  
ern movement of population which is beginning  
to assume proportions never before reached in  
the settlement of this country." "In order to  
secure this [control] for our interests we have

to use a holding company which will own and hold the control of the Nor. Pac. by a majority of its shares. The control of the Gt. Northern by the ownership of a majority of its shares. We have an old Minnesota Territorial charter which gives full and ample power, and which has perpetual succession the right to increase its capital and what is more valuable the right to hold shares in property which has paid taxes which shares shall not be taxed by the State. This charter cannot be changed or amended without the consent of the Company. In order to bring this whole matter into operation we have only to sell or exchange our Gt. Nor & Nor. Pac shares for the shares of the holding Co. Twenty men who hold the shares of these two Companies

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have enough to actual control both and it  
should not be very difficult to agree on the  
value of the respective shares. A four per cent  
basis of the dividends of each Co. would give  
the Gt.Nor. \$1.87½ % and the Nor. Pac par."  
Holding company safe for our companies whose  
charters are not broad enough to enable them to  
hold with safety. Feels future would be secure  
with dividend fund about \$50,000,000 "or more  
than that of the Penn Rr and N.Y. Central com-  
bined....Unless we do something of the kind we  
will always be subject to attempts like the  
recent one led by Schiff Harriman and Stillman  
to secure control of the one or other of our  
properties." Has gone c project with James,  
Kennedy, Thorne, Clark, Mack, Baker, Sterling,

Morgan and a few of our other friends, and they all heartily approve the idea. Our old crowd including yourself, Farrer, Lord Strathcona, Ellis Clanwilliam and McAndrew would hold fully 80% or more of the holding Co's shares....The shares would not be taxable....I am going East tonight and will remain for Louis' wedding on June 5th. He will sail for Europe on the 19th of June. Is marrying a fine girl."

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