

The receipts of the companies are large and increasing. The great effort is, to diminish expenses by rigid economy and by money-saving improvements.

During the last year, besides the expenses of new trains and the working of fifty miles of new road—the business of which is only partially developed—extensive renewals of bridges, steamboats, rails, &c., far more than belonged to the year, and the utter failure of the peach crop, for which extensive preparations were made,* has considerably reduced the apparent net gain. It was best for the stockholders to put their work in a high state of efficiency, ready for the expected period of activity, rather than make a more flattering exhibit of net profits.

When, during periods of depression, the receipts fall below the normal line of increase, they commonly rise suddenly to or above that line when business revives. The increase this year will depend on the general business activity, of which these works are a thermometer.

The companies are in possession of a location between the two great cities of the continent—on the shortest practicable route between the commercial centre and the whole South and South-west—on one of the great highways to the West and North-west—over which an immense traffic must soon pass—from which, in two or three years the receipts will probably be ten millions of dollars per annum. The combination in their hands, of a canal and two lines of railroad, giving the best means for carrying each kind of traffic; their three termini at eligible points in each of the great cities; their connection with all the roads radiating from Philadelphia; the branches that feed their main lines; and the possession of the best facilities along their lines to secure the local business; give them great advantages in addition to those of their general location. If any railroad anywhere is profitable, theirs should be so.

But, to avail themselves of all these advantages, the companies must fully occupy the ground now in their possession; complete, and, when necessary, increase their facilities to meet the increasing traffic. Not to do so, would be like allowing a valuable farm to lie idle, or half idle, to save the cost of plows. But besides the direct gain from providing ample facilities, the geographical position of these companies' works will not permit them safely to consider theirs as merely local roads. If they do not prepare to take all the business that comes from far and near, somebody else, that will prepare, will take the increase, and part of the present business over the same ground.

The growing tendency to consolidate separate links of railroad into long chains, will soon bring under one control a continuous line of nearly 1,000 miles from Philadelphia to St. Louis; with perhaps as many miles more branching from it. Under the same tendency, the long lines converging to Philadelphia and to Baltimore may seek separate outlets to New York, which, in some cases, would not add more than five or ten per cent. to their mileage of road, though it would add vastly more than that to their investment. Such separate outlets, if made, would not only divert the business brought by those lines from the works of the United Companies, but would also compete for their other business. It is therefore their true policy to make it the interest of those lines to continue always to use the works of these companies as a common trunk; and this only requires capacity to take their increasing traffic on remunerative terms.

In pursuance of this policy, or this necessity, a large increase of capacity has been created since the consolidation (and made more important by the consolidation) in additional tracks, wharf and station room, and rolling and floating equipment. Capability for still larger increase, when necessary, has been obtained by securing, while it could be had, room for expansion.

* The peach freights in 1867 approached two hundred thousand dollars; last year almost nothing; they promise this year to be larger than in 1867.

Several serious difficulties that formerly stood in the way of the companies' prosperity have recently been removed. The main upper line of railroad has been straightened and all double tracked. That line has been connected with the roads leading South and West. Its separate fragments have been united in one interest and under one management. The transit duties—sometimes prohibitory, generally obstructive to traffic—have been abolished. The companies may now safely improve in front of their lands on tide water, under an irrevocable grant from the State; and the companies have secured the best site on the west bank of the Hudson for a great terminal depot—essential to their future business. Each of these adds value to the rest. Without each of them their operations would be embarrassed. The road to solid prosperity is now fully opened.

The situation of the companies' railroads invites a very large freight traffic. But the transit duties by rail, which were fifteen cents per ton between the Delaware and Raritan and 27 between the Delaware and Jersey City—that is, from a quarter to half a cent per ton per mile—prevented the extensive carriage of low priced property by rail. To carry such property economically on these roads, it must be carried in large quantities, separate from fast freight; and to get such quantities requires low rates. Increase of transit duties from increase of quantities combined with low rates would have left no profits. Owing to the higher tax to Jersey City, no freight was sent that way if it could be avoided; and until lately little preparation for it was made there. But these duties are now abolished, and the Companies' State taxation commuted at not quite \$300,000 per annum. This gives them the free use of their own works. Their policy should now be, by moderate, though paying, rates, to stimulate every branch of freight transportation. The traffic between the great cities, at the ends of the route, is capable of indefinite increase.

The companies' works, all terminating on, and at other points coming in contact with, tide water—where interchange from canal to open river, and from rail to water carriage is, or may be, required—made it proper to secure a considerable extent of water front, to be improved when wanted for use. Of late, embarrassing doubts have arisen about the right to reclaim outside of high water mark—the State claiming the title to all lands under tide water. The companies, in order safely to improve along these lands when necessary, have recently purchased the right to do so from the State.

The union of the New Jersey Railroad Company with the other companies, and the abolition of transit duties, make it advantageous to the combined interest to send much additional traffic by way of Jersey City, and to secure ample accommodations for that traffic on the waters of the Hudson River. The accommodations required are not merely for a system of local roads extending one or two hundred miles, but for lines extending thousands of miles, seeking outlet over this road.

The New Jersey Railroad Company already had an extensive frontage on the river, but this, though very valuable for passenger, ferry, steamship, and other purposes, could not be made to accommodate a large freight business.

Harsimus Cove, less than half a mile north of the Jersey City ferry, and immediately south of the Erie terminus—directly opposite the business part of the city of New York, the only unoccupied space for two or three miles along the river front, seemed reserved by Providence for this purpose. The companies bought seventy acres of it, fronting 1,300 feet on the river, and extending inland nearly (at one point quite) half a mile from the bulk head line. This may not be as large a tract as some of the neighboring railroad companies have, but it can be made more valuable than any other.

The objects and advantages of this project are—

First.—It will give room—which must be had somewhere—for the rapid increase of freight traffic. If these companies do not provide such room, that traffic will force open new channels alongside their own. Some of the increase may be carried advantageously by way of Amboy, but much of it must, to avoid delay and expense, go direct to the Hudson River.

Owing to the opening, by the consolidation, of a new freight route over the New Jersey Railroad; to the improved connections South and West; the opening of new branches; the rapidly increasing manufactures along the line; and especially the abolition of transit duties; the tonnage, instead of doubling in five years, as heretofore, will probably double in three or four years. It is now rather more than a million of tons, of which 600,000 tons reach the waters of the Hudson River. The increase could not be economically disposed of on the present ground.

The requisite amount of eligible room, considering the cost of getting to it, could have been obtained nowhere else at less expense. There is no other suitable and central spot unoccupied.

Additional tracks and rolling stock can at any time be added when wanted. With an extension of the signal system now in use on these roads, the number of trains over the same track can be greatly multiplied. But room for deposit must be provided beforehand.

Second.—After business becomes established at Harsimus, the railroad freights on a very large class of articles will be as good to that point as to the other side of the Hudson. The saving to the company of ferriage, of wharf rent in New York, and the less cost of handling at Harsimus, will amount at present prices to half a dollar a ton. This on 600,000 tons will be \$300,000 per annum—enough to pay the interest on the whole investment.

The great drawback to the profit of the freight business, as already pointed out, is the heavy ferriage and terminal expense. Harsimus will save it where now heaviest.

The lower part of the city of New York is the counting house of the continent. There is not room for all the storage that will soon be required; it is already seeking the opposite shores of the waters that environ the city. It will be most valuable where rail and water carriage can be made to meet; and this will be on the west bank of the Hudson.

Want of wharfage room in New York is also driving the shipping across the river. Already three important steamship lines are on the west side of the river, one of which—the Cunard—occupies a part of these companies' property at Jersey City. When the wharves and ship canals at Harsimus are completed, it will be at least as desirable a point for steam and other shipping as any on the river. It must become an important commercial depot.

New York is not one point, but many. Transportation from one point to another (as in or about any great city) often costs as much as fifty or a hundred miles of rail transportation. Hence, to a great degree, terminus controls route. Shipping, lighterage, ferry, cartage, storage and rail all meet at this one point, and an immense saving will be effected in passing goods from one to another. That saving must inure both to the benefit of these companies and their customers.

Third.—This terminus will protect the companies' business. The first two miles of any great railroad from the Hudson River westward, including such extensive terminal facilities, as the roads terminating there are making, would cost as much as two hundred miles of ordinary railroad through a level country. Connecting lines can therefore well afford to pay for such an outlet and such facilities as are here provided; either specifically for the accommodation, or by sending their traffic over the route on fair terms. They cannot afford to go elsewhere, for they cannot elsewhere find facilities so complete. This is far better than paper contracts, or, if such a thing were to be thought of, than legislative guaranties.

Fourth.—The railroad passes through a large