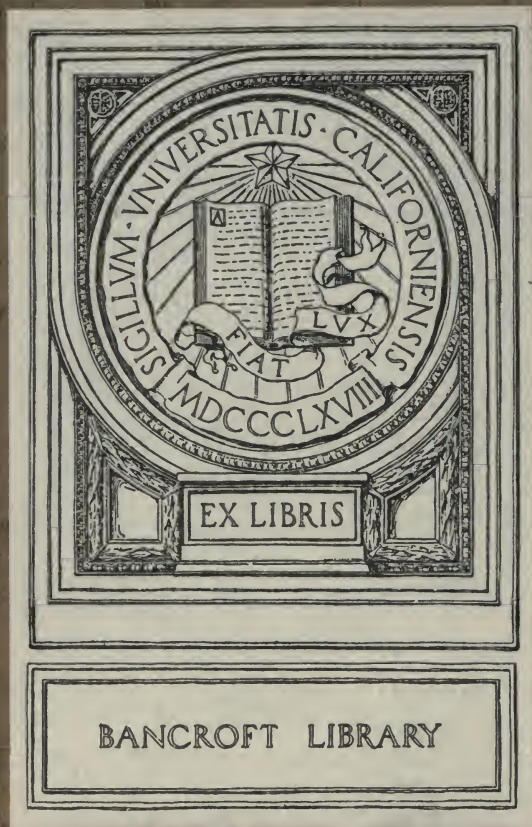


Newlands Views

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Views of
F. P. Newlands
Senator Newlands
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ON

Acquisition of Central Pacific
by Union Pacific

From an address delivered in the
United States Senate
June 18, 1913

HF 2763

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Views of Senator Newlands
on
Acquisition of Central Pacific
by Union Pacific

In 1913, while proceedings were being had to enforce the decree of the United States Supreme Court requiring the Union Pacific Railroad to part with its control of the Southern Pacific Company, it was proposed, as a part of this dissolution, that the Southern Pacific Company should be required to sell to the Union Pacific the Central Pacific lines. This proposal was strenuously opposed by the people of California and by the California Railroad Commission. There is given below an extract from a speech upon this subject, made by Senator Newlands in the U. S. Senate on June 18, 1913. The views of Senator Newlands should have great weight, because of his undoubted loyalty to the interests of Nevada and his thorough study of this question. The following is from Senator Newlands' speech:

MR. PRESIDENT, the question of the dissolution of the consolidation accomplished by the Union Pacific Railroad, embracing as it did the Southern Pacific Railroad with its subsidiaries, is a matter of so much importance to the State which I in part represent that I cannot let this opportunity pass without saying a few words regarding it. Many years after this consolidation was accomplished an action was brought by the Attorney General to dissolve this union into its constituent parts. A suit was therefore brought under the Sherman Anti-trust Act to annul this consolidation and to separate the Southern Pacific system from the Union Pacific system, upon the contention that the Union Pacific lines and the Southern Pacific lines constituted parallel competing lines, and that any union accomplished by those systems would be in violation of the Sherman Anti-trust Act. The court has decreed that the combination was in violation of that act, and is now engaged in the difficult task of "unscrambling the eggs," as Mr. Morgan so aptly phrased it. We find that work accompanied by great difficulty. So far as the Southern Pacific road itself is concerned that would not be difficult, but the Southern Pacific system has purchased the control of the Central Pacific system, which is to the north of the Southern Pacific system and which was originally designed as a part of a through transcontinental line from the Missouri, of which the Union Pacific was to be another part, under legislation which contemplated a final union of those two roads into one transcontinental road.

The question has arisen before the court as to what disposition shall be made of the Southern Pacific stock; whether that stock or any part of it, can be acquired in any way by the stockholders of the Union Pacific, or whether the Central Pacific system can be acquired by the Union Pacific Railroad, thus carrying out the original intention of Congress.

Mr. President, so far as I am concerned, I have always thought that it would be to the advantage of my State if the Central Pacific Railroad were joined to the Union Pacific Railroad, thus constituting a through line from the Missouri to the Pacific; and I had hoped that in time some road to the East would be acquired, either the New York Central or the Pennsylvania system or the Baltimore & Ohio Railroad system, so that we would eventually have a through transcontinental line from coast to coast. I favored some form of national organization, either through a national incorporation act or through a national holding-company act, under which consecutive, not competing, lines from coast to coast could be organized under one corporate control, and thus we would have a system in the North, embracing the Northern Pacific and possibly the New York Central; a system farther south, embracing the Central Pacific, the Union Pacific, and the Pennsylvania; a system farther south, embracing the Atchison, Topeka & Santa Fe, and the Baltimore & Ohio; and a system farther to the south, embracing the Southern Pacific Railway, and the Southern Pacific Railway Company, of the Southern States; so that in this way eventually we would have four great transcontinental lines from coast to coast, each with its branch lines reaching out into each other's territory, and thus securing not only an efficient through service from ocean to ocean, but an admirable competitive service between these giant systems.

I must confess that recently my view as to where the Central Pacific system should be placed in this readjustment of lines has been somewhat affected by the approaching completion of the Panama Canal. The Panama Canal will make San Francisco the great distributing point of the western coast, and it is a question whether the interest of Nevada does not lie rather in maintaining the Central Pacific system as a part of the Southern Pacific system, thus giving that system a radial distribution toward the east from San Francisco, rather than in connecting it with the Union Pacific system, which involves absentee control far off in New York instead of practical home rule through the Southern Pacific system, which has its home office at San Francisco.

I mention this matter now because I wish it brought to the attention of the people of my State, so that they may hold counsel with each other as to where their interest lies and whether they should unite with the Railroad Commission of California in their insistence that the Central

Pacific shall remain a part of the Southern Pacific system. I am inclined to think that the future development of Nevada will come from San Francisco rather than from eastern centers. I believe that the opening of the Panama Canal will establish a tide of immigration that will settle that entire coast and will embrace Nevada within its scope. I believe that it will open up lines of freight transportation that will be of vast advantage to that coast and that Nevada and Arizona will, so far as their economic future is concerned, be more nearly allied to San Francisco and its energies, stimulated as they will be by the Panama Canal, than with the eastern interests in control in New York. I am desirous of accentuating this matter now, so that the people of my State may reflect upon it and come to a wise conclusion as to which arrangement they will favor.

Right here I may say the inquiry might be made as to what Nevada has to do with this question. It is now pending before a court between parties of whom Nevada is not one. My answer is that I regard the methods now existing for the determination of these questions by the courts as most ineffective. I believe that ultimately we shall be compelled to throw the adjustment of these dissolutions and reorganizations into the hands of the Interstate Commerce Commission, and that legislation will be required which will enable the Interstate Commerce Commission to act in aid of the courts not only as experts in ascertaining the facts, but as experts in indicating what lines of dissolution and reorganization the decree should take.

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