

Stephen, George N.Y., July 22, 1904  
Hill to Lord Mount Stephen [See carbon copy for clearer text]  
[first page is fading rapidly; it is therefore  
copied entire here, as well as possible, indi-  
cating "guess" words]

My dear Lord Mount Stephen - Your letter of the  
first instant gave me much pleasure, as it touch-  
ed on many subjects that neither you nor myself  
can ever forget, nor do we wish to. I note what  
you say about the difference in date. [The]  
twenty-third of May was the day we organized  
[the] Company, [but the twenty]third of June was  
the day upon which we took possession of the  
property, when it was, so to speak, an infant in  
its swaddling clothes. I read Ellis' letter with  
much pleasure. He is what the boys call, "dead  
square." What he says is quite true. We have had

a long period of uninterrupted prosperity, and no one regrets more than I do that our efforts to place the properties in a position where their future will be well protected and rounded out as an independent system, should awaken such competition and jealousy. As a matter of fact the present contest all [starts] from my unwillingness to put the whole of the properties [with] those of the Union and Southern Pacific and make a combination of all transcontinental roads west of the Missouri River. About the first of May, 1901, w[hen I came] from the W[est] and on going into our office in Schiff's building [I] [met] him, and he said [end of first page; rest of letter legible now, but fading rapidly] to me they had bought 60,000 100 of N.P. which, with what I & friends owned, would give an absolute

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control, and we would ; the whole thing in toge  
her with the Union & Southern Pacific, and that  
I should make my own terms and take general di-  
rection of the combined properties. Harriman  
came in often and repeatedly said, 'You are the  
boss. We are all working for you. Give me your  
orders.' The condition was a critical one, and I  
simply said that such a combination was illegal,  
and even if it was legal was one that sooner or  
later would turn the courts of all the States  
against us and for that reason it could not  
stand and should not be considered. As a matter  
of fact, I could never work with any such crowd.  
Their methods are not those which have made our  
Properties what they are I note what you say  
in regard to J.S. [Kleno, Jr.] and his impulsive  
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nature, which I fully agree. His prejudices are very strong and practically prevent his giving prudent counsel, but, at the same time, he is fond of his own and always ready to increase it. Mr. James is, as you say, much safer counsel, and we have in Messrs. James, Thorne, Lamont, Pres. Perkins of the Burlington, Elliott of the Northern Pacific, Baker, Geo. Clark, Bacon, & Perkins as good men as may be found in this city or in the country. All are men of the highest character, who are interested in the property and who command the confidence and respect of all who know them. The present law-suits brought as the parties admit here, not because of any wrong done them, but because they think they have everything to gain and nothing to lose, Mr. Hill will protect

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their stock as well as that of everybody else,  
as long as he is in charge' This, however, is  
cold comfort. They own a little more than twenty  
percent of the two railway stocks and we should  
as soon as we get this suit out of the courts  
put ourselves in a position where once for all  
we will be firmly in the saddle. [Has plan, simple  
and easy to carry out, which itself will add 12  
or 15 % to value of our holdings] One of the  
main reasons for buying the Burlington was to  
secure for our two Northern Roads a permanent  
supply of fuel. The nearest good coal to St. Paul  
is in Southern Illinois, east of St. Louis where  
the vein is from 8 to 10 ft. thick, & of a very  
superior quality. When we bought the Burlington  
there was a bankrupt road running from the

southeast to Centralia, known as the Jacksonville Southeastern, which practically runs over a coal field for its entire length, and reaches the high class coal mentioned. N.P. and G.N. have to supply not only their own steam coal but the entire country with domestic & other fuel on all the lines east of the Mo. River, which for both roads amounts to over 5,000 miles. Neither Minn., N. or S. Dakota have any coal that will bear transportation over 100 miles & what little they have is mainly west of the Mo. R. & Minot & of very poor quality. The last 2 winters we supplied Winnipeg with domestic fuel from the Burlington fields & for some time past the Soo Roads has been taking from 3 to 400 tons a day from the B<sup>n</sup> at St. Paul & Minneapolis for the reason that the high price

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charged by the Pittsburgh coal combination and  
the high rates of freight & labor troubles on  
the lakes, have made it impossible to get eastern  
coal at any price. Shortly after buying the Bur-  
lington we bought this Jacksonville Road at the  
low price of \$10,000 a mile, or about \$1,000,000  
for something over a hundred miles. As soon as  
Harriman & Schiff heard of the purchase, they  
wanted immediately that the Burlington should  
relinquish it to the Alton and buy its supply of  
coal from the Alton Road. The r.r. coal used on  
the eastern end of the 2 Northern Lines amounts  
to something over a million and a half tons a  
year, or over 5,000 tons a day, and the coal for  
domestic and other use about 1500 or 2,000  
tons a day more. You will see at once how up-

reasonable ..... [another instance of unreasonableness cited is in the purchase of cars -our at \$900 each from St. Paul Co. & Harriman's at \$1100-1200 for the same thing; another example is use of tracks at Wallula to Portland, \$114 as against \$800-1,000 a train on Harriman's line.] "However, there is a condition [if they continue with us] which they seem to have overlooked. Wis. law forbids owning or controlling stock, property, or franchise if a competing or parallel line." The Nor. Pac. happens to be a Wis. corporation, so that under the law they could neither own, draw dividends, or vote a single share of Nor. Pac. stock if the question is raised. Harriman was the first I was to after the decision of the Supreme Court, <sup>1</sup> how to dissolve the Co. See card 5



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and he immediately said the only thing we could do  
was a pro rata distribution. Repeated on several  
occasions. "Within 10 days from that time they  
brought the present suit, Harriman giving as his  
reason, 'We knew, of course, that Mr. Hill wanted  
the control of the N.P. & it would be a great  
property in his hands, but we wanted to get con-  
trol of it if we could & we are going to make  
the effort, because it would only cost us the  
lawsuit.' The representatives of the North-West  
ern & Milwaukee [and] St. Paul Roads are the real  
parties who want the Northern Pacific and the  
settlement they would like to make is the Burl-  
ington for the Union Pacific and the N.P. for  
the other 2 roads" [to in the Gt. Nor. with-  
out any outlet except on terms to be made for it,  
~~See over~~ See over

& our property would follow the course of the Alton & other roads like that which were lacking in foresight to protect themselves against what might occur in future.... I enclose copy of a letter covering a day's shipment of iron ore showing that our income for a single day from that commodity is over \$32,000. The Stevenson Mine shipping 19,000 tons is one of our mines & our royalty on that mine for a day is \$4750.

JJH LetterBook, 11/18/02- 11/13/04, p. 403