

## Chapter VI

*Norfolk and Western Railroad Company continued – Policy of the company – Its equipment, service, and regulations – Its adjuncts (the Roanoke Machine Works, the Virginia Company, and real estate operations of the latter) – Speculations of the Norfolk and Western Railroad Company through the Virginia Company – Statutory regulations regarding railroads holding real estate – Commissioner of Railways of the State of Virginia the proper governing authority in these cases – General remarks on this company as a railroad corporation.*

The general policy of the Norfolk and Western Railroad Company is an aggressive one in every way, which tends to develop the country through which it runs, as well as its own property and holdings. Whether the modes adopted by it to accomplish this end are entirely legitimate do not in the least alter the fact that the prime object of the company is to develop everything coming in contact with it, in order that such a course may eventually redound to an increased rate of traffic for the Norfolk and Western Railroad Company. This corporation uses every means in its power to draw a foreign element into the State, and along its lines every inducement which can possibly attract, from a good hotel to women in the reception rooms at the stations, to render its passengers as comfortable as possible. No amount of money has been spared to insure the traveler not only a safe but as pleasant a passage as possible over its line. The road itself, with all the wonderful resources of the country through which it runs, are annually set forth and duly advertised by the company, which are the means of many settlers coming in and being attracted here. Their method not only builds up a community, but pays them handsomely for the outlay expended in placing these many advantages before the public.

The equipment, services, and regulations of the company are not only first-class in every respect, but far ahead of those of any other railway system that we know of in the South. The track is not only well-ballasted and laid with the best steel rails, but a double track is now in construction along the line wherever it is necessary for the safety of the passengers and the expeditious handling of freight and materials. The rolling stock, while greatly taxed, is amply sufficient to serve the traffic, and consists of elegant, comfortable, and pleasant passenger coaches, stout, safe freight cars and coal gondolas. The heavy ten-wheel locomotives carry along over the maintains a train of none and ten coaches on schedule time, and give an ease and steadiness to the whole train which is far superior to the motion of the cars when drawn by lighter engines. The stations along the line are being replaced by much more commodious buildings, some of which are really ornaments to the places where they are built, besides affording passengers every reasonable facility for pleasure and comfort. All of the through trains carry the Pullman vestibule and sleeping cars, the comfort and luxury of which are well known and appreciated by the travelling public in general. (page 100)

This road is under control of a splendid class of officials, from the president to the brakemen. Seek as diligently as you may and each position will be found occupied by some man who has the necessary acquirements and knowledge to fill it as it should be. The president, vice-president, general manager, as well as engineers, conductors, and guards, have each their prescribed territory, and in these respective departments every one carries out, without fear or favor, his various duties and the rules and regulations of the company. Whoever you may be, unless you are in the employment of the company the guard will promptly march you in from a platform while the train is in motion. The conductors do not lounge in the seats nor smoke cigars with the passengers, but walk their beats along the aisle and see that the travelers have all they want, and carry out the rules of the company. NO passenger is ever allowed to ride upon an engine, and every rule is required to be strictly carried out under pain of dismissal, for the safety and comfort of the passenger traffic is the first consideration of the company. In the mining regions around Bluefield, Bramwell, Pocahontas, and Elkhorn, where the population is necessarily rough, a well disciplined police force is on hand to protect the most unprotected traveler, not only from any possible outbreak of violence, but drunkenness,

profanity, and loud talking – the usual concomitants of the inhabitants of a new and almost uncivilized country.

The regulations of the company are made in the broadest and most prudent manner possible. Printed rules are furnished every employee, and he is required to conform to them in every way, and never deviate from them unless special orders to the contrary are given, of circumstances unforeseen arise which on account of safety to the traveling public demand a departure. These rules smack greatly of a kind of military discipline, which is really essential to the good government and well being of any set of men who have certain orders to carry out in order to attain a given end. In view of the large amount of traffic over the road the regulations which govern the transportation department are not only well planned, but executed with marked ability, for considering the number of trains which go over the road the loss of life by accident is extremely small and the number of wrecks few. Sometimes employees are killed and wounded, but no one has a right to exclaim at that, unless gross negligence is shown, because incident with employment are the risks which the law says every man must assume who goes into the employment of the company. Taking the "Thaxton Switch" disaster, occurring in the early part of 1890, we know of no other wreck in which a passenger has been injured, except by the direct cause of Providence, over which this company can exercise no authority whatever. In all its government the Norfolk and Western Railroad Company is run on a mathematical scale which causes every department to be properly filled beyond even a reasonable certainty.

The Norfolk and Western Railroad Company has two adjuncts – the Roanoke Machine Works and the Virginia Company – in both of which the railroad owns a large controlling interest. They have played no unimportant part in the progress of the railroad company.

Prior to the year 1882, a company was formed for the purpose of constructing and erecting engine and car-shops. The capital stock of this company was \$365,000, and the Legislature of Virginia, by act approved April 1, 1892, authorized the Norfolk and Western Railroad Company to own as many shares in said company as the directors of the railroad company should deem proper. This authority was most properly conferred, for it was but natural that the company should have a controlling interest in the works which constructed its engines and cars and repaired its rolling stock. These shops were placed in the corporate limits of Roanoke, and the necessary buildings took at least fifteen acres of ground. The buildings consisted toward the end of the year 1883 of:

- Smith-shop 350'x72'
- Machine-shop 348'x72'
- Annex to same 33'x72'
- Engine-erecting shop 516'x64'
- Foundry 252'x72'
- Paint shop 206'x50'
- Planing Mill 252'x72'
- Lumber kiln 71'x38'
- Storehouse 150'x72'
- Engine house 22 stalls
- Passenger &  
freight car erecting shop 21 stalls
- Lumber yards

Before the construction of these shops reached completion, in 1883 a mortgage of \$500,000 was created and the bonds purchased by the railroad company, which soon owned a controlling share, and at this time they belong virtually to the company. These gigantic works compare favorably with any in the Northern states and surpass anything in the South, and since their erection not only have they

done all the repair work for the Norfolk and Western and Shenandoah Railroads, but much new equipment work. Many of the engines which pull the heavily loaded coal trains from the mines to Lambert's Point were made in these shops, while all the box cars, gondolas, and some baggage cars, have been constructed here. All the most approved machinery for manufacturing an engine is placed in them, from the heavy planing and slotting machines to the rivets which go in the boilers. The capacity of the shops are some four engines per month and twenty freight cars per diem, besides repairing and building passenger cars. At one time these shops filled orders for other railway lines, but owing to the increase of traffic on the Norfolk and Western railroad line of late, its utmost capacity has been taxed to construct new equipments and do the repair work of this latter company. The construction of the works was in a thorough manner – brick buildings and iron truss roofing being used – and the ground and buildings at night are lighted by electricity. The locating and building of this gigantic plant was a wise act on the part of this company, for the very material from which our northern friends manufacture their work comes from a section of the country tributary to the lines of the Norfolk and Western railroad; consequently the cost of manufacturing here is so much less that the company was more than justified in its erection. The number of employees is about fifteen hundred men, and the works have played no small part in the development of this section, as will be seen when we come to discuss the city of Roanoke. The organization has not only been a self-supporting one, but paid a handsome dividend on its stock. For the year 1887 it paid \$61,305 on the capital stock, while in 1888 it rendered a dividend of \$50,088 to the stockholders of the company, and in 1889 \$25,044 were declared in dividends.

Another adjunct of the Norfolk and Western Railroad Company, which has become a part of the latter, is the "Virginia Company." This company was originally known as "The Iron-Belt Land, Mining, and Development Company," which was chartered prior to the year 1883. At what particular time the Norfolk and Western Company began to be an investor in this company is not known exactly to us, but in its third annual report, on page 29, we find the following:

"Your company [The Norfolk and Western railroad] owns a controlling interest in the Iron-Belt Land, Mining and Development Company, holding three hundred and thirty shares out of a total of five hundred shares. Under the charter of the Iron-Belt Land, Mining and Development Company, real estate is held in Roanoke, Central, Martins, and at other points. The real estate is either at Junction points, or at localities which from the nature of the ground and abundance of water are suitable for manufacturing purposes. The lands were purchased in the interest of your company, so that parties desiring to erect furnaces or other manufacturing establishments could secure proper locations at reasonable costs."

Why these lands were purchased in the interest of the company is not stated in this report, but in their fourth annual report, for the year 1884, on page 24, the reasons for investing in this company are given:

"For reasons similar to those which led to the organization of the Norfolk Terminal Company, your company acquired control of the Iron-Belt Land, Mining, and Development Company. The cost to your company of its interest in this corporation is \$43,955.07, which amount represents the actual cost of the real estate purchased at junctional and other points. It was apparent that additional yard room and sidings would ultimately be required at these points in order to accommodate the growing business of your company, and it was considered expedient to secure the lands before they could be built upon or occupied for other purposes. Such land as may not be required for the uses of your company will be disposed of to parties desiring to locate manufacturing establishments."

It seems from this that the actual cost of real estate to the railroad company through this Iron-Belt

Land, Mining, and Development Company was \$43,955.07. The object of the company on obtaining this real estate was for additional yard room, siding, divisional round-houses, and certain necessary accommodations for the rolling stock of the company. This was but right, and a praiseworthy, legitimate undertaking. But why should the railroad company desire to purchase more real estate than was necessary for its own use? Some calculation could have been readily made by which the requisite quantity for shops, sidings, yard room, and round-houses could have been arrived at, and purchased. Their reason for so doing is very clearly stated in the eighth annual report. Prior to 1889, by act of the General Assembly of Virginia, on March 5, 1888, the Iron-Belt Land, Mining, and Development Company was changed to the "Virginia Company," under which name the buying and selling of real estate by the Norfolk and Western Railroad Company is still continued. In the eighth annual report, for the year 1888, we find the following statement concerning this "Virginia Company" on page 22:

For several years the title to valuable real estate at junctional and other points upon your line has been vested in the Virginia Company. Owing to the re-division of its line during 1888, it became necessary for your company to construct yards, engine-houses, repair shops, store-houses, and other improvements at various points, and it was deemed advisable, when acquiring the real estate actually needed, to purchase such outlying and adjoining land as would be made valuable by the improvements, so that your company might derive the benefit. The land required for the purposes of the railroad was paid for and deeded directly to your company, and the adjoining lands were acquired and paid for by the Virginia Company. The properties so acquired at Crewe and Bluefield were laid off into lots, of which a considerable number were sold during the year; upon other lots dwelling houses were erected and sold or rented to the employees of your railroad company.....To provide means for the expenditures required were advanced by your company. The balance sheet attached to this report shows the acreage and cost of real estate and improvements at the several points. The net profits of the Virginia Company during the year (1888) amounted to \$44,156.32, out of which a dividend of six per cent was paid, and the balance, \$38,156.32, was carried forward as a surplus. Your investment in this company promises to be very remunerative."

The avowed object of the Norfolk and Western Railroad Company in purchasing more land than was necessary for the actual use of the railroad was for the purpose of speculating in real estate. There is no other reasonable construction when their own report, from which we have just quoted, says:

"and it was deemed advisable, when acquiring the real estate actually needed, to purchase such outlying and adjoining land as would be made valuable by the improvements, so that your company might derive the benefit."

Why did the Norfolk and Western Railroad Company only purchase and pay for just such a quantity as the railroad needed? Why should the balance have been purchased by this Virginia Company, and yet the profits go to the Norfolk and Western Railroad Company? That the railroad company invested its money in the Virginia Company for speculative purposes is forever settled by the latter sentence of the statement just quoted, which reads:

"Your investment in this company promises to be very remunerative."

And the financial report,, on page 62 of the eighth annual report, reads as to the liabilities of the Virginia Company:

"Norfolk and Western Company, \$140,808.71"

If the railroad then advanced this Virginia Company the necessary funds upon which to speculate, and participated in the profits arising there from, then it is virtually the railroad company speculating under

a nom de plume. It is the Norfolk and Western purchasing this land about, with as sure an eye to profit by speculation as to obtaining the requisite amount of ground for its divisional points, shops, round-houses, and yard room. But why should the railroad company only purchase and have deeded in its name a certain portion of the real estate – so much as they may deem necessary for the use of the railroad company? Why not have it all conveyed to the railroad company, instead of a portion to the Virginia Company? To these questions, so far as we can see, the Norfolk and Western Railroad Company answers: because under the statute no railroad company can own and hold over a certain quantity of real estate. If more than that is purchased, then it must be in the name of another company. No other reply can suggest itself to us after reading the statement in their own annual report already quoted. And this solution becomes almost a certainty when we turn to section 1073 of the Code of Virginia, 1877. There it is expressly provided that no railroad company shall own more than forty acres for its principal shops, yard, etc., in any one parcel. It is usually conceded that the statute was passed for the purpose of preventing corporations from speculating in real estate – especially railroad companies. Then, if such is the intention of the law, the use of money by the railroad company under another name for the purpose of profiting by speculation is a clear invasion of the law, besides being a direct evasion of the statute.

Whether or not such operations on the part of the railroad company are intentionally an evasion depends much upon the terms of the charter. If the Legislature gave them the power to own stock in this company for the purpose of purchasing real estate with which to speculate, then they are clearly right to pursue such a course; but it is scarcely reasonable to suppose that an intelligent body of men would confer by special act a power upon one corporation which by a general act is denied all others throughout the State engaged in constructing and operating railway lines. If, on the other hand, power was given the railroad to purchase through this company lands for its use alone, and under this property was bought which was more than the company needed, then that corporation is clearly wrong to proceed, under and by virtue of such power, to speculating in real estate. By their own reports the company shows that at several points large quantities of real estate were purchased and lots laid off and sold, besides houses constructed for renting purposes. In the eighth annual report, page 62, the following real estate is mentioned as belonging to the Virginia Company, which the Norfolk and Western owns through having purchased all of its stock. We name the real estate at those points only which exceeds the statutory allowance:

Real estate at Oakvale 43 acres \$3,595.  
at Norton 1,810 acres \$41,922.42  
at Bluefield 242 acres \$24,355.31  
at Crewe 334 acres \$17,719.97  
at Ivor 64 acres \$5.09  
Houses at Crewe 46 \$47,055.63  
at Bluefield 29 \$34,883.72

In addition to this, the company owns splendid inns at Radford, Pulaski City, and Roanoke, all of which comprise a part of this Virginia Company. All of these well-known hostleries are admirably kept, and made as luxurious and comfortable as possible, and is another evidence of the energy and progress of this railroad company. The hotels have much to do with the pleasure and attractiveness of the towns in which they are located, adding to the beauty as well as comfort of the same. Such purposes, as well as for the erection of the necessary yard room, sidings, shops, and round-houses, we unhesitatingly think the railroad company has right to own the requisite real estate, and the statute made provision for such; but the buying and selling of lots and construction of houses apart from the purposes named seems to be an invasion of the law, whether intentional or not, on the part of the company. But at all events, the people of Virginia have a railroad commissioner to govern and to look into such matters, and if he sanctions it without complaint, and makes no objection to the company's

indulging in such operations, then the people can scarcely blame the Norfolk and Western Railroad Company, but should look to him to whom full power and authority has been delegated to see that all provisions respecting railways throughout the State are properly carried out. So o[long as he does not complain, it is fair to presume that the spirit, as well as the letter, of the law is carried out, until the contrary is shown by some means or other.

Throughout the Southwest of Virginia, the Norfolk and Western Railroad Company wields a potent influence in every way. Everything connected with it commands a respect which it is hard to estimate or describe. Each movement of the company is anxiously watched by the people at the various places along the line, in order to have something down for the town or city which is their residence, fully recognizing that it is within the power of the railroad to give any place either a tremendous impetus forward or a fearful stroke backward. The policy of this corporation is of such a progressive nature that every section of the country hails its advent with delight, feeling sure that if it comes there will certainly be rapid strides made in a material way, and for this reason people bear much from this company cheerfully which ordinarily they would never submit to from other companies. And it is but right that it should be so, for where much good comes from any undertaking to the people at large the objectionable features can easily be submitted to on that account. It is rare, indeed, that the best of human undertakings for mankind have not something connected them which is subject to adverse criticism, and the Norfolk and Western Railroad is not exempt in this respect; yet, so great has been the material development of Southwest Virginia through its policy and influence that the people of Virginia should accede to any request made by the company that is within reason and not a violation of the laws of the land.