

hundred or one hundred and thirty miles, would equal or exceed the original cost of the boat in the States; and profits almost fabulous were realized to the lucky owners, after the payment of the most unheard-of wages to the employees. Thus stimulated, the utmost exertions were made by steamboat owners, here and in the Atlantic States, to place their boats in California, or to supply the demand by building them here. The result was, within a very few years, a vast accumulation of steamboat tonnage upon the waters tributary to San Francisco Bay. But while the population had increased, it had also found means to supply, at home, many of those necessities hitherto procured from other countries, and the transportation of which had formed so important a part of the business of the river steamers. Gold being the principal product, no export trade of produce, as in the great valleys of the West, arose to compensate for the diminution of the original business. Again, owing to the discovery of gold in Australia, and other causes, the influx of population was seriously checked, and the passenger trade was diminished in the same proportion as freight. Under these circumstances, the owners of Steamboat stock on the waters of California found themselves engaged in a competition utterly destructive of their interests, present and prospective. With an amount of tonnage ample for three times the population; without the least prospect of improvement in the character or extent of business to be transacted; no boundless regions, penetrated by navigable streams, yielding to cultivation annually a vast increase of bulky produce for transportation, supplying an active business for the idle boats of the preceding season—existed here, as in the great valley of the Mississippi, to give hope to the future. The steamboat owner saw before him but ruinous competition—involving direct pecuniary loss and the certain depreciation and final decay of the costly property which in most cases represented, not only his entire capital, but much of debt, incurred in its construction.

A continuance of competition of this character, under the peculiar circumstances of California—while vitally injurious to the owners of steamboats, and productive of temporary and questionable benefit to individuals—must terminate in serious injury to the people at large. The result could not be doubtful. After the pecuniary ruin of all or nearly all engaged in it, the business would certainly pass into the hands of

capitalists able to control it, and who at this remote distance, having the entire control of the stock remaining suitable for business, would constitute—not a combination of numerous small interests, intent only on self-preservation,—but a successful monied monopoly; which, holding in its hands ample resources, and the entire command of the trade, could safely defy competition by pointing the daring projector of opposition to the direful consequences of accumulating steamboats on waters affording so limited a field for their employment; and thus for a series of years hold within their soulless grasp the business of the country.

Urged by this state of facts, and determined by these reflections, the steamboat owners of California resolved to combine their interests, and in March, 1854, organized THE CALIFORNIA STEAM NAVIGATION COMPANY, under the general law, with a capital of \$1,800,000. As soon as the Company got into operation, they reduced the number of boats plying on our rivers within the limits justified by the business of the country, while the others were laid up under as careful protection as possible.

But following as it did one of the most stupendous monopolies of breadstuffs ever known, by which flour was forced up to the most exorbitant rates, (from \$35 to \$45 per barrel in San Francisco,) this company came in for a share of the popular indignation which had been aroused by the latter, and amidst this storm, swelled by Executive denunciation and Legislative threatenings, no discrimination was exercised, and no allowance made for the very different character of the organization, or the peculiar state of facts out of which it grew; and every attempt made to oppose the Company, or embarrass it, was hailed with delight, and an effort was even made to interfere by Legislative enactment with the legitimate business of the Company,—presenting the disgraceful spectacle in the middle of the nineteenth century, of a collection of American legislators seriously entertaining Legislative propositions scouted years ago, as at war with every true principle of political science. But these things have passed away. The conciliatory and honorable course pursued by the Directors, and their exertions to meet the requirements of the public—their moderation in the exercise of their somewhat dangerous power—the conviction that reparation for accidents and losses can be much more certainly obtained from a wealthy company, than from individuals of uncertain or no