

little in the claim that increased cost of operation justified these advances in rate.

The Commission says its purpose is not to criticise the action of the railways in this respect, but rather to call attention to what has been done, & thereby to what may be done. It has been the understanding of late that the statutes of the U.S. prohibited the advance of interstate rates by concerted action among the carriers, yet here we find an instance where in every part of this country carriers have by concerted action, without any notice to shippers, & indeed, against the vehement protest of shippers, advanced their rates upon a large portion of the merchandise carried under class rates an average of one-fourth. If this can be done with respect to that portion of railway traffic, it can be done with respect to all of it; & if rates can be advanced 25% they can be still further advanced by the same method. It can no longer be said that a general advance of freight rates is altogether a fancy, for it has become an accomplished fact. Neither can it be said that the public can escape such an advance, however unjust. Hundreds of persons have demanded relief from what has been actually done. In some instances, where the shipper was great enough, or the organization to which he belonged powerful enough, that relief has been voluntarily granted by the railways, but the general public & the small shipper have been compelled to make the best of it. Neither, says the Commission, is it our purpose in calling attention to this matter to suggest that the law should be so interpreted or amended as to forbid changes in classification by agreement. A uniform classification is a public necessity.

Previous to the act to regulate commerce there were 138 classifications in territory now covered by the official. A return to that condition would be intolerable. Moreover, the application of that act practically compels carriers to adopt a uniform classification, & it would be the height of injustice to forbid by one statute the thing which another statute in effect compels. But it is equally wrong & intolerable that a classification committee or a railway manager should be able by a stroke of the pen, without consultation with the public, without even informing the public, to arbitrarily change the rates at which freight traffic shall be handled. Carriers should have the right to agree upon a uniform classification, & to amend that classification, but when hundreds of shippers complain that a public servant has perpetrated a wrong upon the public in the discharge of a public duty, there should be some public tribunal before which inquiry can be had & by which redress can be administered.

THE BUFFALO GRAIN POOL.—The Commission next refers to a pending investigation in regard to the handling of grain between points of production & consumption, & in the course of a hearing recently had in New York City certain facts were developed with reference to what is known as the Buffalo grain pool. The effect of this arrangement has been to create a tonnage pool of the grain moving by rail between Buffalo & New York. Whether the traffic distributed by this pool falls within the jurisdiction of the act to regulate commerce, & whether, therefore, the pool itself is prohibited by the fifth section of the act, is a matter about which, in advance of further investigation & consideration, no opinion is expressed. The carriers insist that this is not interstate traffic within the act. However that may be, the operation of this pool is instructive, & apparently bears out what the Commission has predicted in previous reports. First, all discrimination & favoritism between shippers are done away with. Second, all competition in respect to the rate is removed. Still, after everything has been said, the fact remains that the existence of this pool probably makes it possible

to maintain between Buffalo & New York a rate from 1 to 2c. a bushel higher than has in recent years actually been paid. If other combinations could be made to eliminate competition in other directions, much greater advances would be possible. The Commission has previously expressed the belief that arrangements of this kind might properly in some cases be permitted, but only after a method had been provided by which the rate, when made, could be actually controlled.

IMPORTANCE OF SLIGHT CHANGES IN RATE.—The thought naturally suggests itself, is the advance of 1 or 2c. a bushel in this rate of much consequence? One cent a bushel applied to all the grain which moved through the port of Buffalo in 1899 would amount to \$1,500,000; & applied to all the grain moving by rail in the U.S. for that year, it would have aggregated almost \$10,000,000.

Another excellent illustration of the importance of these slight discriminations is found in the case of the city of Danville. The Commission directed a comparatively small reduction in the Danville rate as compared with that in the rate to Lynchburg, & the Southern Ry. thereupon filed a statement showing what these reductions would amount to as applied to the traffic actually handled in & out of Danville during 1899. From this statement it fairly appeared that the little community of Danville paid during that year at least \$50,000 more than would have been paid at the rival city of Lynchburg, only 66 miles away, for corresponding transportation. Similar conditions exist in many parts of the country.

JOINT RATES & THEIR DIVISION.—Ordinarily complaint is directed against an unreasonable rate or a wrong adjustment of rates—most frequently the latter. It has been pointed out in previous reports that wrongs of this character can not be effectively corrected unless the regulating body has power to determine what rate or what relation of rates shall be substituted in place of the one found to be unreasonable. Incidentally in that same connection it has been observed that when the rate attacked is a joint rate, participated in by two or more carriers, no relief can be granted unless the further authority exists to determine the divisions of this joint rate which each carrier shall receive when the carriers do not themselves agree. The Commission refers to certain cases now pending before it as strongly indicating the necessity for power over divisions of the joint rate. This matter of joint rates & their divisions, while it has not received much attention up to the present time, will be found ultimately of first consequence. Shippers are mainly interested in joint rates. The bulk of the transportation, in respect of which the rate is of the greatest consequence, is probably carried upon joint rates. If these rates are to be regulated, authority must be given over their divisions. It is possible that such authority exists now, but the carriers deny this, & the importance of the subject should not be overlooked.

COMPLAINTS.—During the year 639 complaints of unlawful rates & practices of railways have been filed with the Commission by shippers & shipping organizations. Many of these complaints refer to the increases in classification, & consequently in rates, which have been made by carriers throughout the country since the last report was submitted. The others generally allege excessive & preferential rates & discrimination or prejudice in the provision of transportation facilities. These 639 complaints include informal as well as formal proceedings. Some informal cases presented matters not within the jurisdiction of the Commission, & a large number appeared after examination to involve matters which could not be adjusted by correspondence, & in these cases the complainants were advised that authoritative rulings could only be made upon regular complaint & formal hearing.

But few of this large number actually reached the formal stage, however, & in the great majority of cases the reason why the complainants did not follow that course was doubtless on account of the defective state of the law. They presented their grievances to the Commission in the hope that some relief might come from its mediation, but that failing, they were unwilling to undertake the trouble of preparing & presenting their cases in regular trial before a Commission which, as the law now stands, is without power to provide an adequate remedy & unable in any case to have its order promptly enforced. Eighty-three complaints were satisfied as the result of investigations by the Commission & 34 are still pending.

CASES DECIDED BY THE COMMISSION.—The important features of the decisions rendered by the Commission during the year are stated. Extended reference is made to the Danville, Va., case. This case involved greater charges for shorter than for longer hauls, & in its decision the Commission stated the interpretation of the long & short haul clause of the act as laid down by the U.S. Supreme Court. The Commission held that the rates complained of were unlawful, but that certain greater charges, found & stated in the decision, might lawfully be made to the intermediate than to the longer distance point. A similar conclusion was reached in the Hampton, Fla., case & the Kearney, Nebr., case. A number of other decisions are also treated in the report under the following headings: "Pennsylvania demurrage case," "Reparation," "The commutation ticket case," "Rates on roofing slag," & "Unreasonable rates on vegetables." Several cases were disposed of during the year through concession of relief by the carriers, & a number were discontinued for want of prosecution.

Eighteen civil cases are pending in the Federal courts to enforce orders of the Commission. Some cases involving criminal violations of the statute have been disposed of upon pleas of guilty & the imposition of fines. A number of indictments alleging criminal violations are awaiting trial in Louisiana.

COURT DECISIONS.—The Behlmer case, otherwise known as the Summerville, S.C., long & short haul case, was decided by the U.S. Supreme Court in favor of the railway companies on Jan. 8 last. In deciding the case the court referred to its former decisions construing the long & short haul clause of the law & defined somewhat more fully its view concerning the effect of competition in cases brought under that provision of the statute. The Supreme Court decided that the construction given in this cause by the Commission & the circuit court of appeals to the fourth section of the act was erroneous, & hence that both the Commission & the circuit court of appeals mistakenly considered, as a matter of law, that competition, however material, arising from carriers who were subject to the act to regulate commerce could not be taken into consideration, & likewise that all competition, however substantial, not originating at the initial point of the traffic, was equally, as a matter of law, excluded from view. No decision was rendered by the court upon the facts in this case.

In a proceeding known as the Colorado fuel & iron case the circuit court of appeals reversed the decree of the circuit court & directed dismissal of the complaint. This case was based upon an order of the Commission holding that the rate on iron & steel articles from Pueblo, Colo., to San Francisco, Cal., amounting to \$1.60 per 100 lbs., was unlawful under the act, & that the rates charged on such articles from Pueblo to San Francisco should not be more than 75% of the rates contemporaneously charged on like traffic from Chicago to San Francisco, nor more than 45c. per 100 lbs. on steel rails & fastenings & 37½c. per 100 lbs. on bar iron & other enumerated iron