newspaper, especially by a party newspaper, is not satisfactory, & the company roads will be happy to see a fairer, more reasonable & more consistent tribunal established.

Interstate Commerce Commission.

Following is a synopsis of some portions of the 14th annual report of the U.S. Interstate Commerce Commission recently transmitted to Congress, & which are of interest on this side of the line:

ADDITIONAL LEGISLATION.—The subject of further legislation amending the act to regulate commerce has been fully discussed in previous reports, & recommendations both general & specific have been repeatedly made. The reasons for urging these amendments have been carefully explained, & repetition of the argument at this time can hardly be expected. While the attitude of the Commission has been misunderstood by some & misrepresented by others, the views heretofore officially expressed are believed to be justified alike by experience & reflection. They are confirmed by later & current observation. Knowledge of present conditions & tendencies increases rather than lessens the necessity for legislative action upon the lines already indicated, & in such other directions as will furnish an adequate & workable statute for the regulation of commerce "among the several states."

One aspect of the situation, however, is specially referred to. The Commission says it must be apparent to the thoughtful mind that equal charges for equal service can not be secured without some restraint upon the competitive action of independent lines, & refers to classification, interchange of cars, switching service, storage & terminal charges, demurrage, car-service rules, & other similar matters as having been looked upon with favor as operating to public advantage. Uniform classification, for example, is regarded so desirable that the Commission has recommended & urged its adoption by voluntary action, or, that failing, by compulsory legislation. The act to regulate commerce seems to favor associated action by competing roads for purposes of this kind. True, it prohibits pooling—that is, the actual division of competitive traffic or the earnings derived therefrom —& even this provision is believed by many to be practically inconsistent with uniform charges to all shippers & the fair adjustment of rates between different communities & different articles of traffic.

Whatever view may be held as to the degree of incompatibility between the prohibition of pooling & the other provisions of the act, it was generally understood, after the act was passed, that mutual agreements respecting the matters above mentioned, not involving the division of tonnage or revenue, were in no respect made unlawful by the act, but were regarded rather as aids to its proper observance. Accordingly numerous associations were formed & many features of the railway service more or less subjected to common control by carriers otherwise in actual competition. The tendency & intended results of these arrangements were to remove the practices & charges included in their terms from the field of competition.

These conditions are said to be materially changed, in their legal aspects at least, by the passage of the anti-trust law & the interpretation which that law has received. The prohibition against railway association is no longer limited to the pooling of competitive traffic or the revenue therefrom, but extends to every form of combination which directly restrains competitive freedom. While this does not mean that every such agreement violates the anti-trust law, it does mean that all such engagements as actually restrict competition are void from their inception & subject those who make them, or who connive in efforts to continue them to the hazard of criminal prosecution.

It is evident that railway managers generally have made no attempt to conform their practices to the spirit of this law. They may keep within its letter & succeed in avoiding its penalties, but they claim that they are virtually compelled to counteract its aim & evade its observance. Thus it happens that some of the most important and useful incidents of railway service are maintained by methods which are believed to be inharmonious with if not in actual violation of a Federal statute. This is more than the question of pooling contracts between rival carriers—it is the question of such agreements as relate to classification, terminal charges, & the like—concerning which 'uniformity, certainty, and stability are of manifest benefit & convenience to the public.

Under the conditions now existing it is inevitable that frequent discriminations should occur & endless acts of injustice be committed. Theoretically it is possible for each road to observe its published schedules in every particular, but this in many cases must be done, if done at all, only at the loss of needed traffic, unless all rival roads with equal strictness & honesty conform in like manner to their published rates. The idea of public regulation implies certain standards of correct conduct to which all carriers shall conform. It also implies some measure of supervision & control over those subject to its requirements, to the end that these standards may be observed & practices made to conform thereto. This, without doubt, is inconsistent, to some degree at least, with actual & constant competition, as that term is commonly understood.

If, as is alleged, that competition is compelled in all things by one law which is binding upon the carriers, it can hardly be supposed that another law of more or less diverse & opposing tendency will at the same time be obeyed. It is universal experience that capital takes advantage of competition. If public transportation can be bought & sold like a commodity, the largest purchaser will, some of the time, if not all of the time, get the best terms. It is idle to suppose that railways will actually & all the while compete with each other as to every item of service or facility & at the same time expect that all their patrons, small & large, will be treated exactly alike. Such a result has never yet been realized, & practically will not be realized. The policy now pursued can not & will not prevent an outcome of vicious discriminations. And what is most unfortunate of all, those discriminations favor the few & place the many at disadvantage. They aid the strong, who have no need of assistance, & handicap the weak with burdens which by comparison are always unjust & often destructive.

The present state of the law & the facts here referred to have undoubtedly furnished a great incentive to the consolidation or unification of rival lines, which is at once the most conspicuous & the most significant result of current railway financiering.

RAILWAY COMBINATIONS.—One of the striking features of recent times in the industrial world has been the tendency to combine for the purpose of limiting or eliminating competition. In no branch of industry, probably, is the inducement to form combinations of this sort greater, nor the advantages to be hoped for from them when formed more certain, than in railway operations.

No competition is so destructive as that between railways. In most kinds of business competition stops with the bankruptcy of one or more of the competitors, but here the weak, roundabout, bankrupt line can often inflict as serious damage as could a prosperous rival.

The nature of the business renders possible large profits from such combinations without attracting undue attention. Transportation is analogous to a tax imposed in varying degrees upon almost all commodities. With important exceptions, moderate advances in rates, if equally distributed, would not be especially noticed by the public as a whole. But every such advance adds to the net revenues of the railway, & a very slight increase in all rates, if it should be permanently maintained, would enhance enormously the value of railway securities.

No kind of property lends itself so readily to the permanent formation of such combinations as railway property. He who combines all the factories in the U.S. of a certain kind may lose in a short time the benefit of that monopoly by the erection of other factories of the same kind, but a monopoly created by the combination of all the railways now controlling any considerable area of the U.S. is reasonably certain to continue for years to come.

In addition to these inducements, the statutes of the land operate to produce the same result. Many years ago the railway managers found it necessary, in what they believed to be legitimate self-protection, to form pooling contracts. They still believe that the right to make & enforce such contracts is a proper & essential one, but the Interstate Commerce Act renders the formation of these contracts not only illegal but criminal. That act also provides that carriers shall publish their rates & adhere to them, but the anti-trust act, as interpreted by the courts, renders any agreement with reference to the making or maintaining of interstate rates a crime. If carriers are to make public their rates & to charge all shippers the same rate, they must, as a practical matter, agree to some extent with respect to these rates. When railway managers believe that the law forbids in one act what they deem necessary to the observance of another, the obvious tendency of the enforcement of such a law is to lead to the discovery, if possible, of some way in which it can be avoided. So if there can be no agreement in the operation of independent railways, it seems inevitable that there will be unity or agreement in their ownership.

No one at all acquainted with what is transpiring can doubt that combinations have been formed & are certain to be formed among railways which will be more extensive, more permanent & more far-reaching in their ultimate results than those of any other department of industry. The experience of 13 years shows that there is no serious difficulty in securing, upon the part of competitive lines, the adoption & publication of rates satisfactory to the carriers, but hitherto it has been found impossible to secure the actual observance of rates on competitive traffic when adopted. A railway will seldom reduce the open rate unless to meet some actual or supposed departure from that rate by a rival line, for it is well understood that such a reduction by one means simply a corresponding reduction by others. To prevent rate competition, therefore, it is only necessary to secure compliance with the open tariff. In order to do this it is only necessary that a competing line should own or control, or that some person in its interest should own or control, enough of the stock of its competitor to influence the election of a board of directors, & this seems to have been the method recently adopted in many instances.

The Commission has no official knowledge of the extent of recent railway combinations, but it has informed itself as well as possible from unofficial sources. Disregarding mere rumors, but taking account of well-authenticated statements, there were absorbed in various ways between July 1, 1899, & Nov. 1, 1900, 25,311 miles of railways. There are in the whole U.S. something less than 200,000 miles of railway; & more than one-eighth of this entire mileage was, within the above period, brought, in one way & another, under