

"of most eminent railway men, Mr. Albert Fink who was Railway Commissioner, Mr. G. R. Blanchard, one of the most noted railway men in the country—they all testify, * * that "WATER COMPETITION IS THE MOST POWERFUL POSSIBLE REGULATOR OF RAILWAY "RATES which can be conceived, far exceeding in its power and operation any of the edicts "of legislative bodies. For instance, Mr. Fink points out THAT A FEW SAILING VESSELS "AT CHICAGO IN CONNECTION WITH A FEW CANAL BOATS ON THE ERIE CANAL, HAVE "BEEN ABLE DURING THE SEASON OF NAVIGATION TO FIX THE RATES FOR THE "TRANSPORTATION OF GRAIN FROM CHICAGO TO NEW YORK. Does it stop there? No. "Here are the Lake Shore and the New York Central which practically form a continuous "line which parallels the waterway from Chicago to New York. They are compelled to make "their rates under stress of water competition. Competing roads cannot impose higher rates "than those which prevail on the Lake Shore and Michigan Central and New York Central ; "if they do the business goes to the New York Central. So you follow it on to lines further "south, the Baltimore and Ohio, the Louisville and Nashville, down to the gulf of Mexico. "Their rates are fixed, or materially modified during the season of navigation by the com- "petition of a few sailing boats or the great lakes and a few canal boats on the Erie canal."

*From Annual Report of the Chamber of Commerce of the State of New York for
the year 1897-8.*

Under the heading of "Diversion of Trade from the port of New York," the following statements are made:—"Statistics show that the lines of trade which had been diverted, "consisted principally of bread-stuffs and provisions."

"She, (N. Y.,) has a powerful governor of rates of freight in her superb system of canals, "to which the railroads admit themselves to be subject when the rates of freight are in "question."

"A number of comparisons of rates as charged in 1855 and 1881 is made showing a "diminution from a cost of moving one ton per mile. The New York Central moved in "1855 670,000 tons at a cost of 1,341 cents per ton per mile ; in 1881 it moved 11,600,000 "tons at a cost of 0.562 cents for the mile. The New York, Lake Erie and Western, in 1855 "moved about 1,000,000 tons of freight, at a cost of 1,555 cents per ton per mile ; in 1881 it "moved 11,000,000 tons at a cost of .529 cents. The Pennsylvania railroad moved in 1855, "365,000 tons at a cost of 1.662 cents per ton per mile ; in 1881, 18,220,000 tons at a cost "of .437 cents per ton per mile. THESE DIMINUTIONS ARE FORCED ON THE RAILROADS "BY THE RATES OF THE WATER TRANSPORTATION BY LAKES AND ERIE CANAL—and "the rates of the later are even felt when the canals are closed—for many shippers will store