

practicable without serious injury to the interests involved. This suggestion was acted upon by several of the petitioning carriers, and by a still greater number who had not petitioned for relief; and the Commission takes pleasure now in being able to report that in large sections of the country obedience to the general rule of the 4th section is without important exception. While before the passage of the Act few lines operated as competitors for long-haul traffic could be found upon which the practice of the lesser charge for the longer haul did not exist, on a very large proportion of them all it has now come to an end. This has, in some instances, been accomplished by raising the rates on through traffic, but in many cases where this was done the practical experiment resulted finally in a general reduction throughout the line. In other instances the lower rates on long-haul traffic were retained, and the local rates reduced to the limit thus established. In still other instances a compromise course was pursued, the previous low rates at certain so-called competitive points being raised somewhat, and the local rates at intermediate points reduced sufficiently to be brought within the statutory rule. This last course was pursued upon some of the leading roads in the Southern States as to points to which it was in their power to control the rates made. The process has been continually going on, and is still in progress. Tariffs are from time to time filed with the Commission showing a reconstruction of the rates in the direction of the rule laid down in the 4th section. The carriers making them sometimes protest that the rates are not voluntarily made, but only because the law so requires, and that they will involve large loss of revenue. The apprehension of loss in cases when the local and non-competitive rates are adjusted to the through rates, is, in some cases, supported by strong probabilities.

The transcontinental roads have not conformed to the general rule of the 4th section. By the managers of those roads it is contended that, in view of the competition which they must meet, not only of ocean vessels but of the Canadian railways, it will be absolutely impossible for them to comply with the strict rule of the 4th section without surrendering a very large portion of their through business, and that such surrender will be equally ruinous to their own interest and to many other large interests on the Pacific coast. How far this contention is just the Commission has, as yet, neither had the occasion nor found the opportunity for judging; but cases now pending in which the rates to interior points are complained of will soon receive attention, and the general question will probably, to some extent, be found involved. Neither is it the case that the roads in the States south of the Ohio have come into general conformity with the rule of the 4th section. Some of them have greatly modified their tariffs in that direction; some profess compliance; while some insist that compliance is not possible without ruin. Of these the case of the Louisville and Nashville Railroad Company may be taken as representative. In pending proceedings against that company for a violation of the 4th section it is frankly avowed by the company that its method of making rates has not been changed since the Act was passed, and at the same time it is insisted that any considerable change is impossible. The local rates cannot be reduced, it is said, because they are as low now as can be afforded, unless the competitive rates are raised, and to raise the competitive rates would be to abandon the business, which would then go to other carriers. It is further insisted for the company that while it gives, as it is compelled to do, very low rates to competing points, the intermediate stations participate in the benefits, because their rates never exceed the rates to the competitive points with the local rates thence to the intermediate stations added, and therefore every reduction to the competitive point causes a like reduction to the intermediate point also. This, as has been said, is the contention which the company makes in pending cases, and in support of which much evidence has been put in.

Some of the cases in which the strict rule of the 4th section is not applied are cases in which the longer hauls are made by circuitous routes, and the charges are necessarily made very low in order to meet the competition of more direct lines. The competition by these circuitous routes is in some cases hardly legitimate, and while it continues it constitutes a disturbing element in the general railroad business of the section. It is nevertheless thought by the local communities to be important, and there are probably some weak lines that would find it difficult to maintain a useful existence if not permitted to engage in competition for a business that would naturally fall to other lines. It happens in some of these cases that the lower charges on the longer hauls are only made lower because the points to which they are made are nearer by direct routes to the common market than the points to which the higher charges are made; and in such cases, to compel the circuitous route to conform to the rule of the 4th section strictly would be to compel an abandonment of some portion of its business. If the direct lines to the common market give to the nearer point the lower rate, the circuitous line has no alternative but to do the same, or to give up any attempt at competition.

The Commission has not, as yet, had occasion to decide a case which involved the construction of the 4th section in its application to traffic by these circuitous routes, the only case in which the question was made having been found, when the facts were examined, not to present it. (1, Inter-State Commerce Commission Reports, p. 199.) In some cases the lower rate on the longer line is a combination of rates over several lines; and it has been contended in some quarters that the 4th section only applies to cases in which the carrier who makes the greater charge for the shorter haul controls the line of longer haul, and makes the charge upon that also. The Commission does not take this view, but has decided in the case of the Vermont State Grange against the Boston and Lowell Railroad Company and others (1, Inter-State Commerce Commission Reports, p. 158) that where a carrier unites with one or more others in making a rate for long-haul traffic the rate so made constitutes a measure for the rates on short-haul traffic upon its own lines as much as it would if the long-haul transportation was on its line exclusively.

Where the practice of making the greater charge upon the shorter haul has long prevailed, the effect of its abrogation upon some portion of the business of the smaller cities of the country should perhaps be noted. Those cities have generally been in position to handle goods of all kinds, purchasing them at importing, manufacturing, and producing points, and reselling to retail dealers in the more immediate vicinity. The rates of freight have favoured these distributing points, and have