

VIII.—ANNUAL REPORTS FROM CARRIERS.

The 20th section of the Act provides, "That the Commission is hereby authorised to require annual reports from all common carriers subject to the provisions of this Act, to fix the time and prescribe the manner in which such reports shall be made, and to require from such carriers specific answers to all questions upon which the Commission may need information. Such annual reports shall show in detail the amount of capital stock issued, the amounts paid therefor, and the manner of payment for the same; the dividends paid, the surplus fund, if any, and the number of stockholders; the funded and floating debts and the interest paid thereon; the cost and value of the carrier's property, franchises, and equipment; the number of employes, and the salaries paid each class; the amounts expended for improvement each year, how expended, and the character of such improvements; the earnings and receipts from each branch of business and from all sources; the operating and other expenses; the balance of profit and loss; and a complete exhibit of the financial operations of the carrier each year, including an annual balance-sheet. Such reports shall also contain such information in relation to rates or regulations concerning fares, or freights, or agreements, arrangements, or contracts with other common carriers, as the Commission may require; and the said Commission may, within its discretion, for the purpose of enabling it better to carry out the purposes of this Act, prescribe (if in the opinion of the Commission it is practicable to prescribe such uniformity and methods of keeping accounts) a period of time within which all common carriers subject to the provisions of this Act shall have, as near as may be, a uniform system of accounts, and the manner in which such accounts shall be kept."

In deciding upon the form and requisites of this report, so far as it was in the discretion of the Commission to do so, three points have been had especially in view: First, to make it as concise as possible consistent with the information to be furnished; second, to bring it as nearly as possible into conformity with the best forms now required in the reports called for by the State laws or State Commissions; third, to have the report made as late in the year as possible and still leave time for tabulating and condensing the information furnished in the annual report to be made by the Commission. The date finally fixed upon as that to which the reports of carriers should relate is the 30th June, which is now the date prescribed for like reports in a number of the States; and it is hoped that without much delay uniformity may be brought about in the reports required under both Federal and State laws, so that all may relate to the same time and involve no different methods of book-keeping for their preparation. In deciding upon a form, the Commission has invited and been aided by suggestions from State Railroad Commissions, and also from auditors of railroad companies.

IX.—CLASSIFICATION OF PASSENGERS AND FREIGHT.

A number of the complaints made against railway companies have related to the classification of freight. Some of these have sprung from the fact that classifications are not alike in different sections of the country, and parties who have shipped freight under one classification into a section where a different classification prevails have found the charges against them not the same as they had reason to expect. The ground of others has been that the classification in its effect upon rates worked an unjust discrimination between shippers or between different classes of freights. It is greatly to be regretted that the same classification is not adopted by the carriers by rail in all sections of the country. The desirability of uniformity is so great that the suggestion is frequently heard that national legislation should provide for and compel it. If such legislation should be adopted it would be necessary to empower some tribunal to make the classification, and the difficulties which would attend the making would be very great. Relative rates would be involved in it, for classification is the foundation of all rate-making. It was very early in the history of railroads perceived that if these agencies of commerce were to accomplish the greatest practicable good the charges for the transportation of different articles of freight could not be apportioned among such articles by reference to the cost of transporting them severally, for this, if the apportionment of cost were possible, would restrict, within very narrow limits, the commerce in articles whose bulk or weight was large as compared with their value.

On the system of apportioning the charges strictly to the cost, some kinds of commerce which have been very useful to the country, and have tended greatly to bring its different sections into more intimate business and social relations, could never have grown to any considerable magnitude, and in some cases could not have existed at all, for the simple reason that the value at the place of delivery would not equal the purchase price with the transportation added. The traffic would thus be precluded, because the charge for carriage would be greater than it could bear. On the other hand, the rates for the carriage of articles which within small bulk or weight concentrate great value would on that system of making them be absurdly low—low when compared to the value of the articles, and perhaps not less so when the comparison was with the value of the service in transporting them. It was, therefore, seen not to be unjust to apportion the whole of cost of service among all the articles transported upon a basis that should consider the relative value of the service more than the relative cost of carriage. Such method of apportionment would be the best for the country, because it would enlarge commerce and extend communication; it would be the best for the railroads, because it would build up a large business; and it would not be unjust to property owners, who would thus be made to pay in some proportion to benefit received. Such a system of rate-making would in principle approximate taxation, the value of the article carried being the most important element in determining what shall be paid upon it. Accordingly, and for convenience and certainty in imposing charges, freight is classified, that which comes in one class being charged a higher proportional rate than that which is placed in another. But other considerations besides value must also come in when classification is to be made. Some articles are perishable, some are easily broken, some involve other special risks in carriage, some are bulky, some specially difficult to handle, and so on. All these are considerations which may justly affect