

would be justified; for public benefits, when they are to be had at the cost of individual citizens, can not rightfully, nor we suppose lawfully, be assessed on one class of the people exclusively.

The great disparity in the charges of different roads for the transportation of the same kind of property is a prolific cause of complaint, sometimes justly founded and sometimes not. It is apparent sometimes, in the complaints which are made to the Commission, that the parties complaining hold the opinion, or at least have an impression, that the cost of transporting a particular species of property is substantially the same on all roads, and that subsequently the charges made by one road may prove, with tolerable certainty, that the higher charges made by another road are unjust. If the circumstances and conditions under which the traffic is carried by the two roads are substantially the same, the comparison would be legitimate and the argument from it of very great force. But when any such comparison is made, there are some circumstances having an important bearing upon rates which cannot be left out of view. Among these may be specified:

*The length of haul.*—A thousand tons of wheat can be loaded, transported a thousand miles, and delivered much more cheaply in proportion to distance than the same quantity can be loaded, transported a hundred miles, and delivered.

*The quantity hauled.*—A train load of coal can be transported more cheaply in proportion to quantity than a single car load, and a car load more cheaply than 100lb. So if the business is large, though it be the transportation of many kinds of property, it can be done relatively more cheaply than if it were small.

*Return freights.*—If lumber or other property in quantity is to be delivered at points where there will be return loads for the same cars, the delivery can be made much more cheaply than at points where return freights could not be expected.

*Cost of moving trains.*—This is very much less on some roads than on others by reason of lighter grades, cheaper fuel, less liability to obstruction from storms, and other causes which may disturb the track or delay trains.

These are among the causes which have an important bearing on relative rates. Beyond these the relative cost of roads must be allowed force also, if the owners are to be permitted to charge such rates as will make their investments remunerative. A complaint that rates are unreasonable may therefore require for its proper adjudication a careful inquiry not only into the circumstances and conditions of the road which makes them and of the traffic upon it, but also into those of other roads whose lower rates are supposed by comparison to show the injustice of the rates complained of.

But there are reasons which make it necessary, in adjudicating a case of alleged excessive rates, to consider rates on other lines or at other points, even when the complaining party makes no argument or draws no conclusion from them. Questions of rates on one line or at one point cannot be considered by themselves exclusively; a change in them may affect the rates in a considerable part of the country. Rates from the interior to New York necessarily have close relation to rates from the same points to Philadelphia, Boston, and Baltimore; rates from the sea-board to Toledo must have a similar relation to those from the sea-board to Detroit and other towns whose business men compete with those of Toledo in a common territory. Just rates are always relative; the Act itself provides for its being so when it forbids unjust discrimination as between localities. This prohibition may sometimes give to competition an effect upon rates beyond what it would have if the competitive forces alone were considered.

The Commission has had occasion, where a railroad company operated lines which run parallel to each other, to hold that if the company yielded to competitive forces so far as to give the towns on one line very low rates, the effect of such low rates upon the business of rival towns on the other line could not be ignored when their rates came under consideration. The natural influence of just competitive forces ought to be allowed as it would be as between two lines owned by different companies; and if the rates on one line were made very low because of competition, keeping the others high because the absence of competition enabled it to be done, might amount, within the meaning of the law, to unjust discrimination. Consolidation of rival lines, or the bringing them under the same management, cannot justify ignoring on one line the effect of competitive forces on the other; those forces always, when not unnaturally restrained, have an influence which reaches beyond the points whose business is controlled by it, and by secondary effect modifies prices to more distant points. This is well understood in the transportation business; the modifying effect of rates by lake and canal is perceived in the charges on all lines from the Mississippi to the sea-board; the rates to and from Duluth affect all charges in the north-west to and from Chicago. Any arrangement by consolidation or otherwise that should undertake to eliminate this influence would, if made on a large scale, be futile, because it would antagonise laws of trade and communication which would be too powerful for it, and on a small scale, affecting particular towns or small districts, it might be illegal from its manifest inequality or injustice.

#### *Competition.*

A study of the Act to regulate commerce has satisfied the members of the Commission that it was intended in its passage to preserve for the people the benefits of competition as between the several transportation lines of the country. If that shall be done the towns which have great natural advantages, or advantages acquired by large expenditures of money in establishing new thoroughfares of commerce, will have cheaper rates than can ordinarily be obtained by towns less favourably situated. New York with its noble harbour, its central location, the Hudson River, and the Erie Canal for interior water-ways, cannot be deprived of the benefits which spring from these great natural and acquired advantages without altogether eliminating competition as a force in transportation charges, and by an exercise of sovereign legislative power establishing arbitrary rates over the whole country.

It might possibly be within the competency of legislative power to prescribe for the several inter-State railroads equal mileage rates for the whole country; but this, if enforced, would put an