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EXPLOITING AN EMPIRE

The Railroads Divide up the Continent and Levy Upon Each Part All the People Can Pay

TRUST SPHERES OF INFLUENCE

Havemeyer and Spreckles, Morgan and Rockefeller Decide What the People Shall Contibute

In our last letter we shipped a car of stoves illustrating fifth class rates and one stove to show third class rates, to the coast and to intermediate cities northwest and west through the St. Paul, Minn., "gateway."

We will now ship a car of stoves, weighing 24,000 pounds, and one stove weighing 500 pounds, as before, to the southwest and west to coast points, via the Kansas City, Mo., "gateway."

Taking the Santa Fe road out of Chicago 182 miles to Galesburg, Ill., a point 100 miles northeast of Quincy, Ill., the freight is $40.80. If to Quincy we are shipping, a special rate lower than class rate, is made and the freight bill is $36. The rate to Galesburg per 100 pounds is twenty-eight and seven-tenths mills on the one stove, making the freight bill (500 pounds) $1.43. To Quincy, 100 miles further, it is $1.45, without fractional rate.

This fractional rate is because of the wisdom (?) and zeal of the Illinois state board. They are so efficient and hair-splitting in rate making that they evidently set up nights with the railroad men to get rates exact. By having fractional rates "the dear people" learn how to figure close and it makes work for the railroads to get expense bills correct. It also gives the "grand stand" play, so much needed by expert politicians on state boards that carry passes and serve two masters. You have heard of "racket" stores marking goods down from 75 cents to 79 cents so as to give back a penny in change instead of a nickel. Well, that is what fractional rates mean for Illinois.

Peoria, Ill., is a point 53 miles east of Galesburg, and the freight on the car of stoves from Chicago is $33.60. If the car is shipped from Buffalo, N. Y., 720 miles to Galesburg, Ill., the freight is $61.20. If to Peoria from Buffalo via C., R. I. & P. Ry. it is $49.20, although but 20 miles shorter haul to Galesburg via Santa Fe in densely populated Illinois.

This is a fairly good example of ton per mile rate making by railway experts in their efforts to reconcile conflicting interests under a pool or agreement where cross lines from the east meet western lines from Chicago. The net result is the consumer pays $12 more per minimum weight car for a 720 mile haul on stoves from Buffalo, N. Y., via Chicago over the Santa Fe or over the Burlington to Galesburg than does the consumer at Peoria on a 700 mile haul via Chicago over the C., R. I. & P. Ry.

At Fort Madison, Ia., we cross the Mississippi river 238 miles from Chicago and the rate is $36, same as to Quincy or any other Mississippi river "gateway." To Carrollton, 159 miles west in Missouri our stoves get no special but take the fifth class rate, making the freight bill $64.80 on the car and third class on the one stove, $2.20. That rate holds good until we get beyond the Missouri river at Kansas City, 458 miles from Chicago, the rate being $64.80, same as to Omaha and other Missouri river "gateways."

To Topeka, Kan., 525 miles from Chicago, the rate is $88.80, which means that $24 additional charge is exacted for the 67 miles additional haul from Kansas City. Sugar is a commodity that is noted in rate sheets as fifth class in car lots, same as are stoves. But the freight on a car (24,000 pounds) of sugar Chicago to Topeka is $91.80 being $3 more than on the stoves. This is because the sugar takes a special rate higher than the class rate in order to divide up the empire of trade satisfactorily, between the sugar kings—Mr. Spreckel of San Francisco and Mr. Havemeyer of New York. Fifth class rate, Chicago, 587 miles, to Emporia, Kan. (and 130 miles from Kansas City) is 51 cents per 100 pounds, and the freight on our car of stoves is $122.40 and on the one stove it is $4. But the special rate lower than class rates is made on sugar and the freight on same weight car of sugar, Chicago to Emporia, is $91.80 same as to Topeka. If sugar and stoves belong in same class in car lots there is an overcharge of $33.80 per car on stoves at Emporia. Iron pipe in car lots takes fifth class same as do stoves and sugar. But ship a 24,000 pound car each of stoves, iron pipe and sugar from Chicago to Emporia, Kan., and the freight is $122.40 on the stoves, $98.40 on the iron pipe and $91.80 on the sugar.

They tell us none but railway experts can make rates. They are right if rates are to be made on the theory of what the traffic will bear or what will tear down one city and build up another or divide empire of trade between rival sugar refineries.

To Newton, Kan., 660 miles from Chicago or 200 miles west of Kansas City the stove car rate is $139.20 and the one stove $4.50. At Newton we will leave the main line west and go south. We stop a car at Wichita, 687 miles from Chicago and the rate is $144 and on the one stove $4.55. The 230 mile haul west of Kansas City to Wichita takes an additional charge of $79.20 on the car above the 457 miles haul, Chicago to Kansas City.

They tell us rates are reasonable and wonder why Kansas is restless as a dog with fleas.

Railway managers tell us that the interstate commerce commission is not capable of fixing rates nor in their opinion is any other governmental body able to make just rates. They tell us none but railway experts can do that. It is a fact not generally known that the railways have "rate committees" located at various points over the United States with a small army of clerks whose duty it is to spy out the land and learn what industry, and when, is started at any point, and what relation it bears to a like enterprise in which directors of their roads may be interested, what manner of crop is grown, what market any commodity seeks and gather industrial statistics for their own private use, more accurate and complete than compiled by any government in its tax gathering.

This is done first that the traffic manager may know from the rate makers that he is getting all the freight revenue on his line the traffic will bear. Second, that natural growth of agriculture, stock raising, mining and manufactures may not catch one road napping and cause another road to issue a "midnight" tariff starting a rate war. Third, that years of compiled data and study of conditions affecting cost of production on every conceivable article of commerce may be had so as to know how much the traffic will bear. Fourth, that the rivers of commerce may not overleap the bounds placed upon them and cut or create new channels.

This is illustrated by the late grain rate wars from Missouri river grain fields between lines east to Atlantic coast and south to the gulf.

When transcontinental roads come to blows, the fight is in its nature the same as that between two thick-skinned beasts from the jungles of Africa. There is no spilling of brains but much noise and loss of blood and corruption, and with no more regard for public peace industry or equity. Grain makes less than nine per cent of the nation's total tonnage. "Export" grain but a fraction of that nine per cent. Yet the noise made in the late "midnight" tariff and grain rate war would lead one looking out into the moonlight of railroading, to think a cat fight was in progress on every fence post and square foot of the nation. Soon as it is fixed up by a combine in direct conflict with the Sherman anti-trust act, as it will be, we will get reports on how necessary it is to cut labor and other expense accounts. The freight rate made by the railway expert is whimsical, unjust and unreliable instead of being stable, just and reliable as is the postage rate.

Let us ship a car (24,000 pounds) of such staple articles as are stoves, iron pipe and sugar from Chicago, Ill., 728 miles to Arkansas City, Kan. These goods all being fifth class according to the standard set by classification sheets and going to the same point, we would think the freight bill would be alike for each car. But we find the car of stoves to be $148.80, the iron pipe $108 and the sugar $96. And to make confusion more confounding in examining the sugar tariffs we find sugar is hauled 1,800 miles and more for a much less rate than is this 700 mile haul, all owing to agreements made between Mr. Spreckles of California and Mr. Havemeyer of New York in collusion with the "expert" railway rate makers. Both these captains of industry pay two cents for a postage stamp as well as does the tramp private in the rear ranks of industry. In like manner should the freight stamp be paid for at uniform and exact rate by the high and low. We will show before we finish that a 5-cent freight stamp will move every 100 pounds of any commodity any distance in our nation, allowing the roads all the gross revenue and a greater net revenue than they now get.

But we will now continue our car of stoves. The rate, Chicago to Ponca, O. T., is $156, and on the one stove, $5. To Pery, O. T., it is $172.80 and that rate becomes a "blanket" on down the line through Stillwater, Mulhall, Guthrie, Oklahoma City and 890 miles, Chicago to Percell. To Ardmore and Marrietta, O. T., the rate is $180. Soon as we cross the Red river into Texas, we find the "blanket" rate on interstate commerce is extensively used. They have what are called "Texas common points" located over a territory exceeding 400 miles by 500 miles in extent, large or small towns taking the same rate. In other words, the roads find that the "blanket" or smothered postal rate is the only practical rate to produce revenue and at the same time avoid rate war. The wholesale or distributing points also find that they can do business in competition with each other with the same rate in force to them as that which is in force to their competitor 500 miles further from their source of supply.

Did the roads have the wisdom and conception of duty due the public under their exercise of delegated rights of eminent domain they would put in a national postal rate, each locality sharing in the general average, which would reduce freight charges to a reasonable basis, putting the business of rail transportation on the high plain to which it belongs.

Texarkana, Paris, Honey Grove, Sherman, Gainesville, West to Quanah, in north Texas, take a rate of $196.80 on our car of stoves and in the one stove, $5.80. These same rates govern if we ship to Marshall, Long View, Dallas, Fort Worth, Weatherford, and west to Big Springs, in north central Texas, and that is true also with Lufkin, Palestine, Millano, Temple to San Angelo, also Austin, and all rail to Huston, Galveston and Beaumont and to San Antonio, 1383 miles from Chicago.

This uniformity of interstate rates in Texas is brought about by compromise and agreement between southwest lines from Chicago, St. Louis, Cincinnati and other Ohio river gateways, south lines from Kansas City and the cross lines from New York, from the east, and from New Orleans, La. There are about 275 towns in western Texas that are known as "differential points" laying outside the competitive conditions, where the roads get higher than "common point" rates. Amarillo and Dalhart are such differential points and the rate on our car of stoves to either point from Chicago is $211.20 and on the one stove, $6.20. The "differential" runs from 2 cents to 37 cents per 100 pounds on first class in addition to common point rate, and grading down to, from 1 cent to 15 cents on D (the lowest class rate) according to the location from common point territory. Pecas, Texas, on end of the Wellington, Kansas, Santa Fe line, 1415 miles from Chicago, takes a rate of $285. To El Paso, 1,630 miles from Chicago, the rate is $223.20.

From Texas across the Rio Grande river there are three "gateways" into Old Mexico. El Paso, Eagle Pass and Laredo, which gateways take the same rate from Chicago and our car of stoves take $223.20 rate, and the one stove, $6.70. If we ship our car of stoves all rail from Chicago by way of El Paso, Tex., to Mexico City over the Mexican Central railway, 2,855 miles of haul, the class rate is $4,29.60 on the car and on the one stove it is $11.65, but a special car rate is put in making the actual rate $264 or $24 less than to Pecos, Tex. Thus, the Santa Fe finds it can deliver to a foreign line and divide the rate on a 2,855 mile haul $24 cheaper than the same goods can be hauled a little over half the distance all on their own line. And Mr. Paul Morton tells us our rates are, of themselves, reasonable.

But let us go back to the main line at Newton, Kan., and continue our car west. To Hutchinson, 693 miles from Chicago the car rate is $144 and the one stove $4.55, while the rate on a car of sugar is $96. Compared with sugar the car of stoves has, according to their classification, an over-charge of $48 and that is true of any merchandise to which they assign fifth class rates. To Great Bend, 744 miles from Chicago, the rate is $151.20, and out on the branch to Scott City, 120 miles further, the rate is $184.80, and a car of sugar begins to crawl back to its class rate for its rate to Scott City is $172.80. The rate to Dodge City, 827 miles from Chicago, is same as the Scott City rate on stoves, but the sugar rate is $160.80. From Dodge City west through Cooldige on western edge of Kansas and to Lajunta, Colo., 1,030 miles from Chicago and on to Pueblo, Trinidad and Denver the rate is a "blanket" one, or the same rate, viz, $184.80. To Raton, N. M., 1,134 miles from Chicago the stove car rate is $223.20, the same as to Old Mexico gateways. To Las Vegas, 1,245 miles from Chicago, the rate is $292.80, and the same to Santa Fe, Lamy or to Albuquerque, 1,377 miles of haul, and on the one stove it is $7.25. To Rincon, N. M., 1,554 miles, the car rate is $292.80, but on the one stove it is $9. To Deming, 54 miles from Rincon on a branch, the rate is $336 or $72 more than if hauled 2,855 miles to Mexico City in Old Mexico, or $36 more than if hauled from New York to San Francisco. From Rincon, 77 miles further to El Paso on the same line in the same direction, the rate is $223.20. Suppose an effort is made to ship stoves or to ship any fifth class commodity from El Paso as the point of origin for our shipment 77 miles to Rincon, N. M., the rate for 24,000 pounds would be $105.60. If we ship from El Paso less than 400 miles to Las Vegas, N. M., the rate is $252, or within $12 of the rate from Chicago to Mexico City over the same haul, more than 8 times the distance and without naming these facts to his readers, Mr. Paul Morton tells us rates are, per se, reasonable. They assure us they try to build up business on their lines, locally, and invite us west.

Let us again go back to the main line to Laguna, N. M., 1,443 miles from Chicago, and the freight on our car of stoves is $360 and on the one stove $10.75. The rate to Laguna from the nearest Pacific Coast point 820 miles, is $12 more than though the car was hauled and division made with foreign lines from Harrisburg, Pa., over eastern roads via Chicago and the Santa Fe road to Los Angeles, 3,265 miles of haul. Gallup is on the west edge of New Mexico, 90 miles nearer the Pacific coast than is Laguna, but the rates are the same from the west as to Laguna. From Chicago to Gallup our car is $439.20 and on the one stove $12.85. To Flagstaff, Ariz., 1,721 miles from Chicago, and to Ash Fork, 1,778 miles, the car stove rate is $444. If we ship down the branch to Phoenix 1,835 miles from Chicago, the car stove rate is $487.20, and to Kelvin, 331 miles from Ash Fork the rate becomes $523.20, almost double the amount and 1,000 miles less haul than to the City of Mexico. Are these exactions as to rate made by the Santa Fe road to reimburse it for rebates to the Colorado Fuel and Iron company and to the Morton brothers, salt dealers in Kansas?

From Flagstaff west through Seligman, Ariz., The Needles, and Barstow, Calif., the "blanket" rate on our car of stoves is $1.85 per hundred pounds, or $444. At San Barnardino, Calif., 60 miles east of Los Angeles, we can bill