

RAILROAD POOLS AND LAWS BY FOOLS. Fifty years of railroad operation have developed four propositions in connection with traffic, which are as yet not well understood by the public at large, but which because of the regulative measures imposed by the public upon the railroads should be more generally comprehended in order that such control should be intelligently directed.

In the first place it may be stated that any railroad adequate for the accommodation of the communities through which it passes on its way between terminal points is, because of that fact, competent to handle at a very small additional expense, much more business than can be furnished by these same communities. To illustrate: All the facilities furnished by the Chicago, Burlington & Quincy railroad between Chicago and Omaha are necessary for the proper handling of the traffic along its line including Omaha. The same is true of the Chicago, Milwaukee & St. Paul, the Chicago, Rock Island & Pacific, and the Chicago & Northwestern railways, all of which run between Chicago and Omaha but through different communities en route. The result is that although these intermediate communities have no excess of needed railroad facilities, when it comes to Omaha the case is reversed, for any one of the lines named can with a slight additional expense, accommodate the entire traffic of that point as well.

This brings us to our second proposition, viz., that unlike all other commercial enterprises, competition between railroads is the "death" rather than the "life of trade." This results from the fact that there is no such thing as absolute cost of transportation, so far as given quantities are concerned. Like a merchant, a railroad's percentage of operating expenses may be reduced by increasing the volume of trade, but unlike a merchant's, the element of fixed charges remains constant regardless of the amount of trade. Again to illustrate: Marshall Field & Co., can double their sales with a very small increase of operating expenses but at a large increased outlay for the extra amount of goods sold. The Chicago, Burlington & Quincy railroad on the other hand, can double its traffic with a correspondingly slight increase of operating expenses, but also with practically no additional outlay for the extra amount of the commodity furnished, called transportation. To allow competition to enter into such a condition is to demoralize values, upset calculations, and throw the entire mercantile community which is dependent upon railroads, into a state of uncertainty. Unless railroad charges are fixed and stable no merchant can determine the cost of his goods or be certain that his competitor in trade has not an unfair advantage

which he is unable to overcome. Could the history of railroad strifes be written it would be found that many of the commercial disasters which have come to men, were directly chargeable to irregular tariffs and discrimination in railroad rates.

To overcome this condition the expedient known as pooling was devised, and it was found after some years of trial, that it was an effectual remedy, which is our third proposition. The choice of the word used to describe this device is unfortunate. It not only smacks of gambling but fails to convey a correct idea of what it purports to do. Popularly it is supposed to represent a gigantic combination among railroads under which the proceeds of all railroad transportation at the highest possible rate are thrown together and divided among the members of a conspiracy who have joined together to despoil the people. Actually, so far as it applies to railroads, the term means that in recognition of the fact that the capacity of the railroads serving a given community is much in excess of the business of the community, the railroads have agreed as to what proportion of such business each road is equitably entitled, and in case any road receives more than its proper amount it will refund the excess to the others. These "pooling" agreements have nothing whatever to do with the determination of rates. In and of themselves they neither reduce nor advance charges. They simply recognize the right of each road to its proper proportion of the traffic and provide a means whereby it may be secured without strife or the disturbing of values.

Because of the public misapprehension of pooling, it was enacted when the interstate law was passed that pooling should be prohibited. The law recognized the evils of discrimination and legislated against it, but through the misapprehension referred to, it removed the only means whereby discrimination could be prevented. This is evidenced by the fact that during the past ten years the railroads have tried every means within their power to avoid discrimination and yet comply with the law, but at no time have they been successful. The placing on the statute books of a law which prohibits the recognition of the right to divide traffic, in the face of an existing condition which necessitates the division of traffic, is not only illogical but inoperative. So long as two or more railroads operate between common points, so long will traffic be divided, and if discrimination is to be removed and shippers given equal rights, some arrangement for an agreed division of such traffic is a necessity. This is all that is meant by pooling, and the sooner the American public and through them their congress recognize this necessity the better it will be for all concerned.

Railroads and pools, and laws by fools

who attempt to do everything by a "be-it-enacted," should receive the candid and studious consideration of thoughtful and patriotic citizens; and after that, sensible legislation—doing justice to railroads, or, at least repealing all unjust and inoperative laws—would logically follow.

THE WEAL OF THE WHISTLES. Whistling boys and whistling men have long been ranked as thoughtless, listless and indolent, while whistling girls and crowing hens have always been consigned to perdition. But the whistles of individuals are indicators of an altogether different condition of energy and success than that proclaimed by the aggregation of whistles which each morning awake the industries of a prosperous and sturdily growing town. The more steam whistles there are blowing from the right sort of manufacturing plants on the west bank of the Missouri river the better for farmers who can furnish them raw products to make into commodities. And the consumer in the East will pay no transportation on refuse. Whistles indicate that the Nebraska town where they do their shrieking is sensibly engaged in reducing raw products to finished goods—compacting bulks and enhancing values.

EDWARD ATKINSON'S VIEWS. The Boston Transcript of Saturday, August 6, contains an exhaustive and instructive article by Edward Atkinson on the reorganization of the fiscal policy of the government of the United States.

Mr. Atkinson thinks that stamp taxes have come to stay and that customs duties will be made adjustable to commercial conditions, changes and vicissitudes. Mr. Atkinson draws a parallel between trade conditions in England during 1840 and those existing in our own country in 1898. Then it was that Peel very radically changed England's policy in regard to trade with foreign nations and there is now need of a similar change in the United States.

Mr. Atkinson further remarks:

The old fallacy that low wages are either necessary to a low cost of production or are synonymous with a low cost of production has given place to the true conception, namely, that our high rates of wages are derived from our low cost of labor. The factors which make the rate of wages are,

First, the natural resources of the country.

Second, the relative burden of taxation.

Third, the intelligence, skill and effectiveness of the labor.

And fourth, the perfection of the mechanism.

In respect to natural resources the United States is the only nation which produces within its own area an excess of food, fuel, metal and fibre. All other