

BIG RAILROADS PLUNGE INTO FIERCE RATE WAR

Burlington Cuts Grain Charges Almost in Half.

FIGHT FOR EXPORT TRADE

Missouri Pacific's Cut on Rates to Gulf Ports Started Contest, Which May Be the Biggest on Record.

Special to The New York Times.

CHICAGO, Feb. 2.—The railroads reaching the Atlantic seaboard and those which have their terminals at the Gulf ports are now fairly started on what may develop into one of the biggest rate wars in their history. So far the slashing of rates affects only charges for carrying corn for export, but unless some settlement is arrived at it is not unlikely that the trouble will extend to the rates on wheat and other grains as well.

The rate for carrying corn from Omaha to the Atlantic seaboard to-day reached the lowest point in the history of railroad-ing when a tariff was announced by the Burlington which makes the rate from Omaha to New York 14½ cents per 100 pounds, which compares with a through rate of 25½ a hundred, which was the charge before the war began. The trouble was started by the Missouri Pacific, which announced a reduction of its rates from Omaha to New Orleans to 11 cents a hundred. The rate was 13½ cents, but the Missouri Pacific was determined to get the business, and telegraphed to Washington that it had published a rate of 11 cents.

At first the other Chicago lines were not willing to meet the Missouri Pacific's rate and thus precipitate a general rate war, but when the Eastern lines authorized a cut all of them reduced their rates seven cents a hundred. The Burlington's rate gets this cut four cents better.

The rate war is primarily due to the desire of the Southwestern lines to carry as much grain as possible for export via the Gulf ports. This tendency has been a matter of grave concern to all the Eastern lines and to the ports of the Atlantic Coast for some years because port statistics show that the grain tonnage exported via the Atlantic seaboard has been steadily eaten into by the Gulf ports, including New Orleans, Galveston, and one or two other cities.

When the Missouri Pacific announced its reduced rate on corn to the Gulf the Baltimore and Ohio and the Chesapeake and Ohio at once followed suit, and the other Eastern lines could not afford to let matters go. Up to a late hour to-night the Chicago, Milwaukee and St. Paul had not followed the example of the Burlington in making the cut. The Rock Island, however, announced rates 1½ cents higher than those of the Burlington. The rates of the latter now are as follows: Omaha to New York, 14½ cents for 100 pounds; Omaha to Philadelphia, 14 cents; Omaha to Baltimore, 13 cents; Omaha to New Orleans, 11 cents; Omaha to Chicago, 8 cents; Omaha to St. Louis, 5 cents.

The Burlington's tariff to Chicago from Omaha was formerly 11 cents, and to New York it was 25½ cents. When the Eastern lines gave authority to make cuts in order to get the business, the St. Paul, the Great Western, the Burlington, and the Rock Island announced a tariff of 18½ cents a hundred. The cut now is twice as deep as had been expected.

At first the freight officials of the Burlington were opposed to demoralizing rates merely because of the attitude of the Missouri Pacific. They believed the trouble would blow over after a few days, but when the other lines made the rate of 18½ cents in connection with the seaboard roads the Burlington followed. The last cut of the Missouri Pacific caused numerous conferences, and the reduction announced late in the day showed that the Burlington people were bent on bringing the contest to a close by making it so extremely hot that every one would be willing to drop it.

CAN'T STOP EVIL—HEPBURN.

Presents Report on Rate Question to Chamber of Commerce.

The report of A. B. Hepburn on the question of railroad rate regulation occupied the greater part of the monthly meeting of the Chamber of Commerce yesterday. Mr. Hepburn is President of the Chase National Bank, a friend of J. J. Hill, and Chairman of the Committee on Internal Trade, two members of which, Thomas P. Fowler and F. D. Underwood, are railroad Presidents, the former of the New York, Ontario and Western, and the latter of the Erie. The report of Mr. Hepburn, while recognizing the existence of discrimination, declared that the remedy lay not with the Federal Government. His report, which was adopted, was in part as follows:

"Inequalities and discriminations do exist, but will granting to a Railroad Commission power over rates prove a remedy? All discriminations are not made for the purpose of increasing the tonnage of the road. Railway officials, having power over rates, have in the past profited by such concessions as well as the shipper to whom they were granted. A dishonest traffic manager could as easily violate a rate made by the commission as one made by his own management.

"The creation of additional Judges or the assignment of existing Judges to a specially constituted court in order to facilitate the hearing and determination of cases arising under the Inter-State Commerce law would be wise and commendable, but it seems to us that railroads, like individuals, have the right to have questions involving their management and welfare, including making rates, passed upon by competent Judges after a hearing conducted according to the usual rules of judicial procedure, before the same be adjudged wrong. The railways, through the ownership of their securities, represent a very large number of our citizens, and the securities representing the capitalization of our railroad

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systems are owned in varying degrees by our citizens throughout the length and breadth of the land. Large and small investors own the same directly, and the poorer people own them indirectly through their deposits in the savings banks and their interest in the life insurance companies. Investors in these securities are entitled to consideration at the hands of the Government, as well as those who make use of transportation facilities. The army of employes who derive their living from these corporations also have rights involved in any serious change in railroad transportation.

"Such wrongs as exist should be righted. The President has our cordial sympathy in his efforts to right these wrongs, and both the President and Congress shall have our earnest co-operation, but we cannot persuade ourselves, in the light of our own experience, that granting the rate-making power to the Inter-State Commerce Commission will realize the good that advocates of the measure hope for.

"Let the statutes clearly define the duties of railroads as common carriers, with proper penalties for all infractions of the law; let the commission exercise their power of inquisition to the fullest extent, bring all questions which the railroads fail to adjust before the courts, and then let the courts redress the wrongs and enforce the rights thus brought before them.

"We believe a vigorous exercise of the powers which the commission now possesses, and a vigorous enforcement of existing laws would go very far toward correcting existing evils."

Mr. Hepburn also presented a report on good roads, which was adopted. The report approves the general scheme of highway improvement as undertaken by the State.

A resolution favoring an increase in the appropriation of New York State to the Lewis and Clark Exposition at Portland, Oregon, from \$35,000 to \$100,000, was read by Mr. Hepburn and adopted.

Anton A. Raven, President of the Atlantic Mutual Insurance Company, introduced a resolution asking the Committee on Internal Trade and Improvements to consider the matter of making changes in the General Post Office district by creating a Wall Street branch. The matter was referred to a committee.

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