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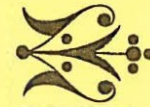
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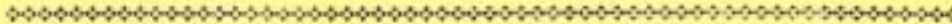
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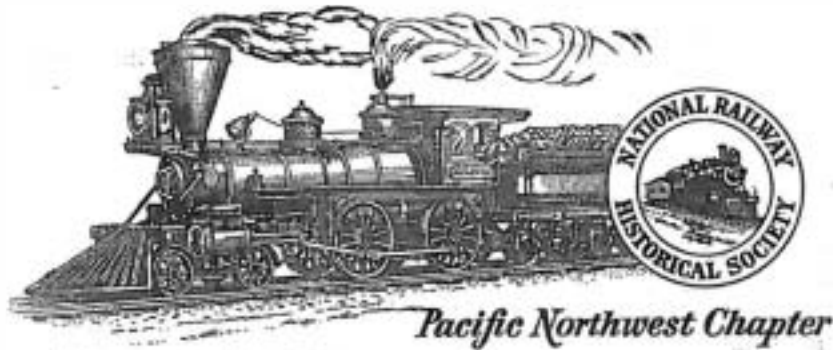


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All exchange news letters should be sent to the Chapter's business address:
Room 1, Union Station
800 N W 6th Avenue
Portland, Oregon - 97209



THE TRAINMASTER

PORTLAND, OREGON

NUMBER 158

OCTOBER 1972

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THE INTERSTATE COMMERCE ACTS:
AMERICAN RAILROADS AND FEDERAL REGULATION

by

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It is not unusual, when investigating American railroads within a geographic, economic, or historic frame of reference to encounter a railroad fact of life: the existence of the Interstate Commerce Commission. That it is in being is a fact; but how did this body come about? Exactly what was the climate of railroad-public relations in 1887, the year of the first major federal legislation aimed at regulation of American railroads?

The "railroad problem" of that period does have many geographic facets; at least, much of it is understandable from a geographic point of view - - probably it was even predictable from this standpoint. In many respects, it was a communications problem between the shippers (particularly the American farmer), the railroads, and the Federal government. The major difficulties, particularly as perceived by the shipper, might be summed up as follows:

1. Any and all forms of discriminatory practices; a cause of much of the shipper discontent.¹
2. Rate wars.
3. Fluctuating freight rates with corresponding lack of stability and prices.
4. Pooling, whereby competing railroads mutually assigned a definite share of the same market's traffic.
5. Rebates; that is, refunds or discounts to certain shippers.
6. Higher freight rates for shorter distances than for the same commodity over longer distances.

The Interstate Commerce Acts, cont'd

7. A tariff schedule which assigned shipping rates on the basis of the value of the commodity rather than the cost.²
8. Secret and unpublished rate agreements; including un-announced and arbitrary rate changes.
9. High freight rates; seemingly unreasonably high.
10. Railroad mismanagement and corruption.³
11. Railroad participation in politics with accusations of bribery and influence.⁴
12. Conflicting, or unenforceable, state laws.⁵

How real all of these situations actually were is not clearly discernable from our contemporary point of view; but, since they did seem to exist, they may properly be regarded as being problems. In some cases, it would appear to be a result of one group not fully appreciating the economics of the other group. Rate wars, for example, were not always the result of excessive competition between the railroads. They were actively sought after by the large shippers and often entered into reluctantly by the carriers.⁶ Evidence indicates that at the end of the war, rates were often lower than at the outset.⁷ Many railroads had also built beyond demand and had excess capacity, a condition which does not usually lead to lower prices in other high fixed-cost industries. Even so, the periods of rate stability greatly outnumbered the periods of rate wars.⁸

While the general public interpreted pooling as a "devious" device and generally regarded it as being in restraint of trade,⁹ it would seem that most shippers in the pooled market were satisfied with the arrangement - and the general downward trend of freight rates continued.

With rebates and discounts, there is a reasonable argument for allowing wholesale discounts to large shippers (or purchasers), and the practice still exists. Unfortunately, that the rebate was always used in the case of volume shippers is not quite so certain; it is probably safe to assume that there was some degree of abuse:

The condemnation of freight differentials for long hauls over short hauls ignores the fact that terminal costs are fairly high and fixed; and they can be more readily absorbed and equalized over a long line haul than over a short one. It might also be suggested that this practice could be defended on the basis of scale economies, the availability of return cargos, and other possible advantages. Zone groupings are still a common transportation practice; Parcel Post charges and taxi fares, for example.

There was also some validity in the practice of assigning tariffs on the basis of cargo value; since there were often differences in required handling, protection from the elements, higher cost of damage claims, et cetera. The railroads' viewpoint was that the transportation cost of low value goods was subsidized by the relatively low (in percentage of overall cost) rates on high value

The Interstate Commerce Acts, cont'd

goods. These, and other such arguments, did have a basis in reality; and the fact that railroad management was trying to maximize its profits was not, in that society, a criminal act.*

In any event, and without further attempts at rationalization, Federal legislation followed -- legislation designed to resolve these differences. While the resulting regulatory acts were attempts at a "cure", they in all fairness, did seem to contain a good bit of intelligence and understanding. The Interstate Commerce Act of 1887 and its subsequent amendments (the Hepburn Act of 1906, the Mann-Elkins Act of 1910, and the Physical Valuation Act of 1913 being the most noteworthy) created the Interstate Commerce Commission. In addition, this legislation generally prohibited the previously discussed practices, even going beyond into other areas.¹⁰ Although the newly-created I.C.C. may have lacked prestige and authority during its early life, it did establish a large body of informal decisions which were accepted by the carriers and shippers alike.¹¹ The series of amendments to the Interstate Commerce Act which began in 1906, greatly strengthened the power and repute of the Commission. While the depression of the mid-eighteen nineties may have done more to rearrange the structure of railroad organization and practices than did the orders and findings of the Commission, the stage was set for the acceptance of government regulation of all forms of transportation and communications.¹² It was the beginning of reforms in industry and government and may have stirred the awakening movement toward railroad consolidation.¹³ Without suggesting any cause-and-effect relationship, America saw railroad mileage increase from some 80,000 miles to about one-quarter million miles in the next one-half century after this act.

* It is not too unlikely that the railroads themselves desired and encouraged much of this legislation, since it would help stabilize the industry and help control runaway competition. This argument is obviously not without merit; they very likely did encourage the legislation to one extent or another. See, for example, "What Went Wrong...." by George W. Hilton in Trains magazine for January 1967.

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The Interstate Commerce Acts, concluded

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The foregoing article was furnished to us as a courtesy by the author. Editor

PORTLAND TERMINAL RAILROAD MANAGER RETIRES

Long time PNW Chapter member John H. "Jack" Jones retired August 31 as Manager of the Portland Terminal Railroad Company, the operator of Portland Union Station and Lake Yard. Among his many public service activities Jack is president of the narrow gauge Portland Zoo Railway and worked closely with PNW Chapter members during the construction of its 4-4-0 No. 1 in Portland late in the 1950's.

Through Jack's benevolent guidance the Chapter has secured rental of Room 1, Union Station, for its library of railroiana since 1967 (as prestigious an address as any rail-oriented group could ask for). PNW Chapter met monthly in room 208 Union Station (the PTRR board room) from 1956 until membership growth necessitated the move to larger meeting facilities at the Burlington Northern assembly room in 1971.

The Pacific Northwest Chapter wishes Jack well on his retirement after 50 years of railroading, all with PTRR and its predecessor the Northern Pacific Terminal Company of Oregon.

"EXTRA BOARD"

A new railfan magazine appeared on local news stands this summer. It is called CLASSIC RAILS and is published by Challenge Publications, Inc, 7950 Deering Avenue, Canoga Park, California 91304. The magazine sells for \$1.25 per copy and is to be issued on a quarterly basis. The first issue contains an interesting article on the Milwaukie Road electric operation in the Bitterroot Mountains of Idaho, written by Hank and Jim Griffiths of Boise, Idaho. It includes a number of their usual excellent photos, including several in color.

Other feature articles in the first issue include an article on the Cumbres & Toltec Scenic Railroad out of Chama, New Mexico; an article on Alco PA's by William Clark; an article on a Santa Fe local in California by Stan Kistler; and an article on Southern Railway steam locomotives by Al Langley. The magazine should be well received by railfans throughout the country, if future issues are as interesting as the first issue.

Several new books have appeared this summer which are of interest to Pacific Northwest railfans. MILWAUKEE ROAD WEST by Charles and Dorothy Wood, published by Superior Publications of Seattle, Washington, covers the western end of the Milwaukee Road, and resembles the authors' previous books on the Northern Pacific and Great Northern Railways. Unfortunately the book continues the Superior tradition of poor layout and printing quality, especially in the reproduction of photographs. We hope that this book will not prevent someone else from publishing a more complete history on the Milwaukie Road.

Another book appearing this summer is THE RAILROAD THAT RAN BY THE TIDE, by Raymond J Feagans, and published by Howell North Books of Berkeley, Calif. Although this line has been included as a chapter in several railroad books, this is the first time that a full-length book has appeared on this interesting narrow-gauge line that ran on the Long Beach peninsula of Washington. The author has located many photos that have not previously been published. The book lives up to Howell North's usual excellent standards, but the author has had to extend himself to come up with sufficient material to fill a full-length book. Nevertheless, we would recommend the book to anyone interested in this line that was eventually acquired by the Union Pacific Railroad.

Several important western railfan collections have found permanent homes during the past year. The Oregon Historical Society has acquired the complete negative and print collection of Don Roberts, who lived in Portland up until his death several years ago. The collection contains approximately 40,000 negatives and a similar number of prints, mostly of western lines, with special emphasis on the Union Pacific. Don's negatives are mostly three-quarter locomotive still shots and represent one of the most complete collections of locomotives that operated in the Pacific Northwest.

The O H S has also acquired some material from the collection of David Lloyd Stearns, who died last year in San Francisco, where he had lived for many years. Dave was raised in the Pacific Northwest and the railroads of the

"Extra Board", cont'd

Pacific Northwest, especially the electric and streetcar lines were always of special interest to him.

Dave was a special friend of John Labbe of Portland and they worked on many projects together. Unfortunately, part of his collection was apparently disposed of by his landlord immediately after his death, and it was necessary for his relatives to buy back the material in order to donate the collection to the Oregon Historical Society. The material donated consists of 49 albums of prints collected by Dave over many years.

The collection of Lucius Beebe is now in the Western Collection of the Denver Public Library. While Beebe himself did not take many photographs in the Pacific Northwest - the ones he did take were mainly on the Sumpter Valley Railroad - he acquired the collection of Fred Jukes who died in Bellingham, Washington in 1971 at the age of 94. Jukes was one of the earliest and finest railroad photographers in the country. While his early Colorado railroad photographs are more famous, he also took many photographs in the Pacific Northwest, particularly in the Bellingham area, where he operated a commercial photography studio for many years.

September saw the passing of A J Baker in Lebanon, Oregon. Mr Baker was at one time the official company photographer for the SP Railroad in Oregon and many of the available photos of the SP Red Electrics were taken by him. Mr Baker operated his own commercial studio for many years, specializing in photography for the furniture industry prior to his retirement.

SCHEDULE OF EVENTS

- Sunday, October 15 Oregon, Pacific & Eastern steam double-header with OP&E 2-8-2 #19 and former Magma Arizona 2-8-0 #5 on both regular excursion trips. Leaves Village Green depot in Cottage Grove at 10 am and 2 pm for the 36 mile, 2 hour trip to Culp Creek. Fares: \$3.90 adults; \$2.75 ages 12-17; \$1.50 ages 5-11. RESERVATIONS RECOMMENDED. Telephone 503-942-3368.
- Friday, October 20 Regular monthly meeting of the Pacific Northwest Chapter at the Burlington Northern Safety Assembly Room, N.W. 11th and Hoyt under the Lovejoy ramp. Meeting starts at 8:00 PM. Program: Bring 10 slides of your summer rail activities. A projector and slide trays will be provided. Important Chapter business to be discussed. Your attendance is encouraged. Refreshments following the meeting.

SHAYS MOVE: Ex-Pickering Lumber Shay #8 will leave Banks Oct. 9 loaded on flatcars headed for OP&E Cottage Grove Via BN-Portland-SP. Stimson Shay "Peggy" will be trucked Oct. 9 from The Oaks Park to the Western Forestry Center for permanent display in Portland. ("Touche!")