

**FREIGHT RATES: OFFICIAL
CLASSIFICATION
TERRITORY AND EASTERN
CANADA**

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Freight Rates: Official Classification Territory and Eastern Canada by William A. Shelton & C. C. McCain

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WILLIAM A. SHELTON & C. C. MCCAIN

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PREFACE

In treating of the freight rate structure of the United States and adjacent territory it has seemed well to make three divisions of the subject. The matter is therefore contained in three treatises. The first of these is devoted to an exposition of the rates of Official Classification Territory, the second covers Southern Classification Territory, and the third embraces the Western Classification Territory and includes Trans-Continental rates, which overlap both Official and Southern classification territories. The treatise on western rates also includes a discussion of export and import rates. These treatises will not be devoted entirely to the freight rate structure but will include some discussion of railway regulation of rates and of tariff application. In the study of the freight rate structures, the Atlas of Railway Traffic Maps is indispensable. The maps in this atlas are numbered; reference is made to them by number from time to time throughout the treatises on rates, and they should be used wherever it is necessary to obtain a clear mental picture of territories described.

The reader will notice that the application of rate schemes overlaps the territorial borders; for this reason frequently the discussion of rates is not confined to the classification borders. This treatise, for example, overlaps the other territories slightly and extends into Canadian territory. In discussing rates, however, it is only in cases where the rate structures overlap that the discussion is carried outside the territory covered in the

treatise. There are of course, many of these overlaps in the different parts of the country and some of them are of considerable importance.

The freight rate structure of the United States is usually thought to be in a state of chaos or at least to be so complicated as to be incomprehensible. It is the purpose of the three treatises devoted to freight rates to show that there is fast developing an adjustment of rates throughout the several traffic territories of the country that approaches uniformity within each of the territories. Where there are coöperative rate adjustments, as in Official Classification Territory, they are explained. Also, where distance tables have been applied, either intrastate or interstate, skeletons of the tables or complete tables are given. The skeleton distance tables will be uniform and will aid in comparing the rate structure of the several territories where distance rates are applied.

It is usually thought that distance rates have played very little part in rate adjustment in the United States, but it will be shown in these treatises not only that at least half of the states of the Union have prescribed distance rates, but also that the carriers themselves have adopted interstate distance rates which have wide application. For example, the Central Freight Association Scale of distance rates is applied with modifications throughout the entire Central Freight Association Territory. In many cases where specific rates are now published by the carriers, they are based on earlier distance tables with slight modifications. This is true, for example, in Trunk Line Territory. There are also certain distance rates still published as such in Trunk Line Territory. In Central Freight Association and Trunk Line territories there is a larger movement of freight than

within any borders of similar area in the United States; and the larger part of this traffic moves on rates governed by the New York-Chicago Rate System, the Central Freight Association Scale, and other rates based largely on distance.

Even in Southern Classification Territory, where the basing-point system violates the distance principle, the intrastate traffic and some of the interstate traffic moves on distance rates. Distance rates apply on intrastate traffic within almost every state of Southern Territory, and interstate distance rates apply between a number of the states. In Illinois, Wisconsin, Northern Michigan, and almost all Trans-Mississippi states, distance tariffs control a large percentage of the traffic that moves wholly within a state; and in addition, interstate distance rates are applied in many cases. Even the far north-western states of Washington and Oregon and the new states of New Mexico and Arizona have prescribed distance rates. Wherever rates have been made, it has been the common practice to base the rates largely, if not entirely, on distance unless competition causes a violation of the principle. The exceptions to the general rule of the application of distance either through distance tables or through a general increase in rates as distance increases, however, are very marked in certain parts of the country. The disregard of the principle of distance in constructing rates to and from Southern Territory and in the adjustment of Trans-Continental rates has attracted popular attention for several years. It is believed, however, that the three treatises, of which this is the first, will make it plain that the distance principle has been applied to a greater extent than is usually supposed; and that the modifications of rate adjustments by the Inter-

state Commerce Commission and the state commissions usually lessen the degree of the variation from the distance principle, although in many cases the Commission has recognized other factors of rate adjustment as more potent than distance.

In a comparative reading of the three treatises on rates, it will be apparent that rates in Official Classification Territory are based on a few general rate schemes, while rates in other territories are not based so widely on general rate systems. The rate structures in each of the classification territories, however, are determined by the highly complex traffic conditions, which are beyond the control of the carriers.

In the preparation of this treatise, special acknowledgment is due to Mr. John P. Curran, of the Central Freight Association, who has rendered valuable service by his competent criticism of the material, especially that relating to rates from Central Freight Association Territory to Trunk Line and New England territories.

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