

**THE BENEFIT OF THE
HEPBURN LAW TO THE
BANKER, BROKER,
SHIPPER, AND THE PUBLIC**

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The benefit of the Hepburn law to the banker, broker, shipper, and the public by Charles Stedman Hanks

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CHARLES STEDMAN HANKS

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THE BENEFIT OF THE HEPBURN
LAW TO THE BANKER, BROKER,
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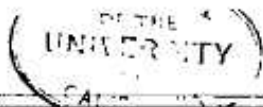
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44 CIRCUIT ROAD

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CHARLES STEDMAN HANKS

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By Charles Stedman Hanks

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When Congress passed the Hepburn bill, it knew that the time had come when the government must either control the railroads or the railroads would control the government. Experience, too, had proved that there must be a closer mutuality of interest between the railroads and the shippers if the covert and destructive warfare which was being carried on between our different railroad systems was to be prevented,—a condition of affairs which had been brought about by secret rates and the rebate system.

This Hepburn bill which, on the 28th of August, 1906, became a law, will prove to be an epoch-making law, and, in my judgment, it is as important a law as the laws which were passed when Alexander Hamilton devised his plan of a national credit. Before the Hepburn bill

became a law, many railroad officials, ignoring the fact that railroads are public service corporations, had forgotten that the people had rights and had charged unreasonable rates, and, although a shipper could file, with the Interstate Commerce Commission, a complaint that a rate was unfair and unreasonable, the Commission had no power to enforce its findings; and, as the people were the ones who suffered, government regulation consequently became imperative.

Soon after the bill became a law, a prominent railroad president made the statement that he intended to do what he could to prevent the pernicious practices, which have heretofore existed, and the other day another prominent railroad man said that he believes the Hepburn law is for the best interests of the railroads. In other words, the attitude of railroad officials is already changing. When the bill was before Congress, the railroads used every influence to prevent its becoming a law. Now they are beginning to believe that what the government was contending for is a good business proposition.

The passage of the bill, it was hoped, would

bring about harmonious and progressive action among the railroads in coping with the problem to be solved in the transportation business, as up to this time railroad officials had been unable to agree among themselves upon any general railroad policy. In order to have some definite policy for carrying on the transportation business of this country and also to bring about more economy of operation, the building of new lines, better equipment facilities for the handling of traffic and to eliminate parasitic corporations whose operations were affecting the earnings of other roads and to prevent discriminations, rebates, and rate wars, the Hepburn law has made certain rules and regulations which the railroads must now follow. Many of the provisions of this law were drafted for the benefit of the public, and the public is now wondering what effect the law is to have upon the progress and prosperity of our country. In considering the law, we must keep in mind:—

First, that the government has now a voice in regulating the revenues of the railroads.

Second, that the Interstate Commerce Commission has practically been given executive, administrative, and judicial powers.

Third, that Congress, when it prescribed in a general way the rules and regulations for conducting the transportation business of this country, made such rules and regulations that the shipper need no longer have any lack of confidence that he will be able to get the rights which belong to him.

Fourth, that Congress, when it made the Interstate Commerce Commission the arbitrator to decide all questions of railroad transportation, passed a law which makes it impossible for any combination of interests to get any privileges which the smallest shipper cannot now obtain.

Under this law the fundamental remedy for any injustice to a shipper by a railroad and for any discrimination against a small railroad corporation by some large railroad system lies in the power of the Interstate Commerce Commission to regulate rates, Section 1 of the Act saying:

All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful.

Section 15 saying,

The Commission . . . is authorized and empowered, and it shall be its duty . . . to determine and prescribe what will be the just and reasonable rate or rates, charge or charges, to be thereafter observed as the maximum rate to be charged.

Keeping in mind, therefore, these two provisions of the Act as the governing clauses of the law, it is easy to see that we can find out what the remedies are for many of the evils and faults which had previously existed in railroad operations by mathematical calculation, as the Interstate Commerce Commission, in determining what are fair and reasonable rates, is obliged to take into consideration not only the details of all receipts and disbursements of a railroad, but its capitalization and financial standing, if it is to make a maximum rate based upon the real conditions under which the road is being operated.

In order to understand the real railroad situation, the Interstate Commerce Commission has been given the right, in the 20th Section of the Act, to require every railroad to keep its accounts and memoranda according to such form as it shall prescribe or approve, and the law also provides