Manuscript pages: Panic of 1893. Chapter VI

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destruction of rivals, of communities and of individuals could not be rightfully tolerated under the head of free competition - the thing which they were trying to save. What they really were recognizing was that, after all, the moral law did have a place in business.

The cry against this interference was strong - it was State Socialism, anarchy. But Socialism or not the bill was finally passed, declaring that railroad service must be reasonable, that there must be no discrimination between shippers, between localities, that equal everybody must have facilities for transferring, receiving, forwarding. The man who shipped a long distance must have no preference over the man who shipped a short one. There must be no pooling of freights or dividing earnings between them. The railroads must print their tariffs, put them up where everybody could see them. They must not make a change until these rates had been ten days before the public. The Commission must have copies of all the tariffs, they must be notified about all changes that were to be made. Where there were joint tariffs, that is, where several railroads connected in handling freight, all of these contracts must be with the Commission.

This was in 1887. It was a tremendous advance in the law, in public opinion. But, like all laws which interfere with the settled habits of any group of citizens, the practice of their businesses, it was only half-heartedly obeyed by many of the railroads. Some of them but and out spurned it, and it was only when the Commission was severe with them that they posted and submitted their rates and the changes. Some of them continued to give rebates - secretly, of course.

Through the rest of our period, i.e., from 1887 on to 1900,
we have a succession of cases against railroads and their doings, taken by the Interstate Commerce Commission to the courts for decision. These cases were necessary to find out just what the Interstate Commerce Commission could do and could not do. The Commission forbade unreasonable rates, but when was a rate unreasonable? One of the first cases fought this, settled in 1894 by the Supreme Court (Ripley, p.144)

An interesting point that the Supreme Court made in deciding that the rates in question were unreasonable and must be lowered, attacked a very common and false belief of all classes of tradesmen had at that period, and it should be said of many still today, and that, in common parlance was that the more you got for a thing the more money you made. The Supreme Court in ordering the reduced rates said: "A reduction in rates ordered in these cases will result in a corresponding increase in the tonnage of the roads and the revenue therefrom will be augmented rather than lessened. This at any rate will be the natural tendency of the change."
(Ripley p.179)

While rates could be declared unreasonable, a suit settled about the same time decided that the Commission had no right to decide just what the reasonable rate was. That is, it could not make the rate. The persistency of certain roads in defying the Commission - the worst of them not known but only suspected at the time, the limitations, perfectly proper legally that the Supreme Court put on the Commission, led before the end of our period to a general demand for giving it enlarged powers, strengthening it in every way. That is, with the demand
that this, one of the most important pieces of regulatory legislation that the U.S. had seen, one loudly declared confiscatory, anti-American and Socialistic, be given increased powers. It was the conduct of the railroads and of the big shipper that forced this, not hatred of property or Socialistic instincts in the people. Their complaint really was that individualism was being too largely crushed by the conduct of the railroads, that such regulatory measures as the enlarged powers of the Interstate Commerce Commission, must be allowed in order to protect the property of the common man.