

# The News and Observer

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## IN CONTEST FOR JUST RATES NORTH CAROLINA INVOKES NO NEW PRINCIPLE OF GOVERNMENT

**"We Can Not Control the Charges for Transportation of Commerce From State to State \* \* \* But Within the Borders of the Local Commonwealth We Can Invoke to the Limit the Powers of Local Self-Government... for Our Own Protection.**

(From Address of Gov. Craig at Guilford Battle Ground, July 4.)  
"In our contest for just freight rates we invoke no new principle of government. We cannot control the charges for transportation of commerce from state to state. That belongs to the Federal jurisdiction. But within the borders of this local commonwealth we can invoke to the limit the powers of local self-government for our own protection.

"I am not unfriendly to railroads. They are an integral part of our industrial organization. I would treat them with injustice no sooner than I would treat our farmers with injustice, or our cotton mills with injustice. I rejoice at their legitimate prosperity. It is consistent with our prosperity. They are an institution of the State. They and all citizens of this State are entitled to that equal justice which the State must guarantee to every citizen. But when they flagrantly and persistently, by arbitrary wrong, deny to North Carolina the same treatment accorded to other States; when every year they extort from the people of this State millions of dollars in excess of that demanded from people of other States for the same and for even greater service, it is the highest duty of this State to exercise all of her constitutional powers for the protection of her own people.

"No man defends this discrimination against North Carolina. No man can defend it. An apology is the limit of legal ingenuity of their ablest counsel.

"I believe that the managers of these transportation companies would right these wrongs if they had the power. They would do us justice but for the power behind them, the power that has no sympathy with our people, that relentlessly demands the dollar regardless of the public welfare.

### Rates An Admitted Injustice.

"These companies continue this injustice, this injustice known to all men and admitted. They would perpetuate it by every contention and by the laws' delay, and they would dictate to us the method of our resistance and prescribe to us the only tribunal to which we should appeal.

"We cannot regulate interstate commerce, but we can by legislation sanctioned by the Constitution, sustained by the courts, compensate to some extent for the injustice. We can prescribe what service the carriers shall render and the kind of service. We can reduce the intra-state passenger rates and intra-state freight rates to the minimum within the limits of the Constitution.

"We cannot prevent transportation on interstate commerce, but we can by the exercise of our legal powers rightfully take from them for the benefit of all the people, a portion of the money which they have wrongfully taken from us.

"There are in North Carolina railroad crossings maintained for years in violation of the criminal law. Are we under obligation to continue to sacrifice the lives and limbs of our own people to the profit of the corporations that defy our rights.

"Who shall say that it is not right for the State to do these things by orderly procedure, within the bounds of the constitution? Who shall say that it is not the solemn duty of the State to do these things? Who shall denounce the effort of a people to remedy an admitted wrong, the effort to put themselves on an equality with the people of other States as an effort to punish the railroads?

"There are those in North Carolina who are more concerned with the fear that their State will do injustice to the railroads than they are about the wrongs which the railroads inflict upon their own people.

### Will Do Battle For Justice.

"On this battle ground the men of the Revolution were restrained only by the laws of war. In dealing with these corporations, that in defiance of common right are crippling the industries of this State and depriving our people of their legitimate opportunities, I would be restrained only by the ordinance of the constitution.

"North Carolina has suffered long enough. I would rather resist this wrong and resist it in every possible jurisdiction and fall in the ultimate jurisdiction than ignominiously submit. But we will not fail. This injustice cannot stand before the determined effort of more than two million people. We stand upon the right. We invoke the law of the nation and all the powers of the State.

"The sovereign power of this State resides with the people, not with executive, nor legislature nor court. Deliberate public opinion pronounces the judgment that must be obeyed. The public conscience dictates statutes and policies. No man can defy it, nor dates deny it. The foreign financier dictators that control these carriers can not despise it.

"We have been generous to these corporations. We are anxious to be generous now. We want them to co-operate for the building of a great State and for the opportunities of a progressive people. We are not poor, but we will be poor if we tamely submit to injustice. Are we a bastard race or are we the heirs of the men of the Revolution?"

## NORTH CAROLINA'S RATE FIGHT

Editorial in the American Shippers' Gazette  
Columbus, Ohio.

Smarting under the intolerance of railroad despotism and alive to the lower field by their state government to bring about a correction of these evils, the people of North Carolina are aroused to a pitch of determination that bodes big results. Under the leadership of Governor Locke Craig, the people are going forth to meet the railroad dragon whom they have hidden to combat. A special session of the legislature has been called for September 24 to which the railroad rate question will be introduced and certain action for the correction of the evils of the same will be considered and adopted.

It is not intended here to discuss at length the merits of this controversy, that being reserved for special treatment elsewhere in this number. We concur with the shippers of North Carolina, however, that their freight rates are not only intolerable but are inexcusable and clearly contrary to law, both common and statute, and a violation of good morals as well. No one, not a railroad man, who has given any thought to the subject can come to any other conclusion. The basic of transportation is unjust discrimination—violation of section 4 of the interstate commerce act (the long



BLOCKING THE WAY

## SHOULD ACCEPT FOR TWO YEARS THE RAILROADS' OFFER

Such Settlement to Cover for That Period Only Such Rates As Are Agreed Upon.

## STATE TO RESERVE RIGHT FOR FURTHER REDUCTION

Suggestion That the Corporation Commission Should Be Strengthened Or Its Organization Enlarged, So It May Be in Closer Touch With the People in Freight Rate Matters.

By JOSEPH L. GRAHAM,  
First Vice-President Winston-Salem Board of Trade.

There are many people in North Carolina not familiar with freight rates, who are relying on some one who does know to enlighten them in the present controversy.

Ordinarily they would look to the Corporation Commission, but that body has been elective and the men elected have been qualified better by their experience for other duties than determining interstate freight rates; and they have therefore not had the entire confidence of all the people.

If my own views have any value to others, I am glad to make them known. They are based on an affidavit, and for seven years past from the standpoint of a citizen and shipper of North Carolina.

My own views are based on an experience of twenty-five years in dealing with freight rates for eighteen years as a railroad traffic clerk and official, and for seven years past from the standpoint of a citizen and shipper of North Carolina.

From this experience I know that freight rates generally from the West to North Carolina compare favorably even now with those to any other Southern state except Virginia. As an illustration, the rates from Cincinnati to Winston-Salem, Greensboro, Durham and Raleigh are generally lower than to Atlanta, Ga., though the distance to the latter point is less than from Cincinnati, and the population and business there is greater. This is due to the difference of the low rail rates from Chicago to Norfolk, which are actually lower than from Chicago to New York by rail.

The complaint of North Carolina has been that its rates compared badly with those to Virginia cities. The rates to Virginia cities from the West were not made by the Carolina rail-

roads, but by the C. & O. railway, to get its port of Newport News (including Norfolk) on the same footing from Chicago as Allegheny and Baltimore, the rate to Lynchburg and other inland cities being then reduced to the Norfolk level. The immense coal business the C. & O. originates enables it to do its entire business at a small profit. It could not sustain itself on the merchandise business alone.

The middle and eastern part of North Carolina has therefore profited by nearness to Virginia; but while obtaining lower rates in this way than prevailed for similar distance from the West to South Carolina, Georgia, Alabama and Mississippi, we have suffered because the Carolina lines added their full local rates to those to Virginia cities, when making through rates from the West.

The agitation in the State in the last year has had this result: The Carolina roads now propose to take less than their local from Virginia gateways in making through rates from the West. This is a double benefit: It lowers the total charge to be paid by North Carolina people, and at the same time gives Carolina merchants better protection against the merchants at the Virginia cities.

The remaining question is, whether the reductions now offered by the railroads go as far as they should, and whether they should be accepted as a settlement.

Information in these reductions cover the entire West to all points in the State, except the ports to which the rates are now lower than to the inland cities. Also that there are reductions from the North and East all rail.

My view is the State should accept the reductions for a period of two years, which is the time fixed by the Federal laws for the orders of the Interstate Commerce Commission which change rates, such settlement to cover for that period only such rights as are agreed upon, this agreement not to impair any rights the State may have for further reductions under the long and short haul clause of the Interstate Commerce Act, when a final decision is reached by the Commerce Commission and the courts.

(1) These reductions are greater than have been made voluntarily by any railroads in the South for a generation, both in the amount of reduction and the area affected.

(2) The reductions are also greater than granted by the L. C. to Winston-Salem and Durham from Cincinnati and Western Railway, after a hard contest some years ago. I believe the reductions are greater than would result from a similar contest, now, by other points in the State, on any prospective lines, and certainly to the small stations, and the reason is that all of which are included in the present offer of the railroads.

(3) The reduction comes at a time when rates are being advanced by railroads in more populated sections, including the rates to Virginia cities. Competitive conditions are further enhanced in this way.

(4) The reductions made come from the revenues of the Carolina roads. Too great a change all at once would impair their ability to give the service and improvements the people want. Good transportation is often as important as good rates.

## REAL RAILROAD COMMISSION IS NEEDED BY STATE

Composed of Men Who Know the Railroad Business and Are Familiar With Rates.

## EXTRA SESSION WOULD NOT HAVE BEEN NECESSARY

If North Carolina Had Had a Regulating Body That Knew the Ins and Outs of Traffic and Transportation, Disposed to Act for the Benefit of Shippers.

By C. G. CREGHTON,  
Secretary Durham County Branch J. F. R. A. of N. C.

There are probably many causes that might be assigned for the freight rate discriminations that have handicapped the growth and development of North Carolina for so many years, but probably the one cause contributing more than any other has been the failure on the part of North Carolina shippers, and the North Carolina public as a whole, to give to the matter of freight rates the attention it deserves and must have or to employ competent and trained men to look after their freight rate interests as they should be looked after.

To any one at all familiar with traffic matters it is a recognized and established fact that in an astonishingly great number of cases transportation charges are assessed and collected on the basis of higher freight rates than are lawfully on file with the various commissions. This is true of both interstate and intrastate traffic, and is most general on inter-state shipments moving over two or more lines.

The practice of the shipping public of North Carolina seems to have been to pay the freight charges assessed by the railroads, and little effort has been put forth to ascertain whether or not the amount paid was correct. The shippers rarely take the time to see the railroads in general terms, but more rarely still do they make an effort to correct the evil by handling specific errors in a proper manner to both correct the present error and remove the cause for further repetitions.

Most of these failures to note overcharges and to proceed to the removal of the cause is due to the fact that the average shipper has not the means or the training to enable him to properly interpret the various classifications and tariffs under which his shipments move, and is bewildered by a

## INTRASTATE FREIGHT RATE BILL LEFT PENDING FOR ACTION AT EXTRA SESSION

Purpose Is to Stop Exorbitant Charges by Railroads on Shipments From One Part of North Carolina to Another—Charges on Shipment Carried 853 Miles Through the State Lower Than on 302 Miles Interstate Shipment on Same Line.

At the regular session of the General Assembly of 1913, Representative E. J. Justice, of Guilford, introduced a bill in the House which was not enacted into law, but on his motion was left pending until the convening of the extra session of the General Assembly. If it should be enacted into law, it would prove far-reaching in its effects. It is a part of the effort to secure relief for the citizens of the State from the discriminatory freight rates from which they have suffered long. It is in line with the two other resolutions introduced by Mr. Justice, both of which were passed by the General Assembly and which brought about the appointment of a special commission to confer with the officials of the interstate railroads doing business in North Carolina, with a view to securing, by amicable means, the relief sought in the matter of freight rate discrimination. The full text of the bill follows:

**Intra-State Rate Bill.**  
Section 1. That no railroad company or railroad companies hauling intrastate freight between two points in the State of North Carolina, and where the entire haul is within the State shall charge or receive for such haul for a given kind and quantity of freight any greater sum than the rate published, charged or received by a railroad company or railroad companies for hauling a like kind and quantity of freight in the same direction and for a longer distance where the longer haul, whether interstate or intrastate, embraces the shorter distance, all of said shorter distance being within the State of North Carolina.

Sec. 2. That it shall be the duty of the North Carolina Corporation Commission forthwith to re-adjust and to require the railway companies doing intrastate business in North Carolina to re-adjust their intrastate charges for hauling freight so as not to violate section one of this act.

The bill is intended to put into effect, so far as intrastate business is concerned in North Carolina, the principle of the State of Ohio, which is the long and short haul principle as declared for by joint resolution of the General Assembly. Speaking of the bill, Mr. Justice said:

"My investigation as a member of the special commission, appointed by the Governor, has revealed a situation with respect to intrastate charges so eminently unjust that it is startling. The correction of this situation, which I refer to will of itself more than justify

all the effort that has been made by this General Assembly and by his Excellency, the Governor, with the purpose of correcting the abuses practiced by the railroads in violation of the economic principle announced by this General Assembly, that no greater charge should be made for the shorter haul freight than is made for the longer haul where the freight is of a given kind and quantity, and where the two hauls are in the same direction, and where the shorter is included within the longer haul.

"As an illustration of the present situation which I am endeavoring to correct, I give this instance and it is by no means an isolated case, but is a general rule:  
"The railway companies charge on the numbered classes of freight the following rates from Cincinnati, Ohio, to Norfolk, Va., a distance of 392 miles:

"On class number one, 62 cents; on class number two, 52 1-2 cents; on class number three, 42 1-2 cents; on class number four, 37 1-2 cents; on class number five, 32 cents; on class number six, 28 1-2 cents. On grain products and grain, 13 1-2 cents; on packing boxes, 23 cents.

"This freight is hauled through Point Rock and Asheville to Selma. The distance from Point Rock to Selma is 243 miles, and the rates fixed by North Carolina for the numbered classes of freight between Point Rock and Selma are:

"Class number one, 75 cents; class number two, 65 cents; class number three, 57 cents; class number four, 48 cents; class number five, 43 cents.

"The distance from Asheville to Selma is 302 miles, and class rates from one to six respectively are only two cents lower than from Point Rock to Selma. They are on these six classes respectively as follows: 77, 67, 59, 51, 47, and 43.

"The rate on grain and grain products from Asheville to Selma is 23 cents as compared with 13 1-2 cents on the same class of freight from Point Rock to Selma. The rate on packing boxes from Asheville to Selma is 23 cents as compared with 23 cents from Cincinnati to Norfolk.

"The haul from Cincinnati to Norfolk is over the line of the Southern Railway Company in North Carolina via Asheville and Selma. The difference is that the higher charge is made for the shorter haul notwithstanding the shorter haul is included in the long, and both hauls are in the same direction.

## CONCERTED ATTACK BY STATE ON INTERSTATE RATES

(FROM THE AMERICAN SHIPPERS' GAZETTE, COLUMBUS, OHIO.)

One of the most important matters that will come before the next session of the interstate commerce commission this winter will be the attack to be made upon North Carolina freight rates. The adjustment which the railroads have made of freight charges for the West, East and North into the State of North Carolina is one of the most complicated, tangled and absurd in the entire United States. The theory upon which this adjustment is made is that the rates to all points in the State must be based upon the rates to what are known as the "Virginia Cities Gateways." By this system there are practically no such things as through rates from the great producing territories of the middle West and the East and New England to the shippers in North Carolina, but such shippers are compelled to pay, in most cases, the full local rates to Virginia cities and the full local rates from the Virginia cities to North Carolina destinations. Since the full local rates for the latter part of the hauls are about the highest east of the Mississippi the shippers find themselves paying as much to get their traffic to the few additional miles across the Virginia state line as the Virginia cities merchants pay for getting their traffic all the way from Chicago, Cleveland, Columbus, Cincinnati, Pittsburgh and other manufacturing points; that is the North Carolina shippers pay just about double what their Virginia rivals pay though the difference in distance between them is very small compared with the total distance the traffic moves.

A similar situation exists with reference to the rates out of North Carolina to the East, North and West. The effect of this is to relocate North Carolina on the map as far as freight rates are concerned and to place it on the Atlantic coast somewhere around Florida!

This anomalous situation has not been continued without loud protest from the shipping public of North Carolina. Their protests have accomplished little in the past. Now, however, the agitation has taken more definite form than ever before and a concerted attack upon the railroads and their schemes of bottling up the State is to be made and it has far to attract widespread attention. This time the State is to present a united front and a fight is to be made all along the line.

There are three distinct phases of the movement for a fair adjustment of freight rates into North Carolina. The first is an effort started some months ago and not yet finally ended to reach a compromise between the State authorities, representing the shipping public and the carriers. With this effort in view a committee of the legislature started a series of conferences with railroad officials, but without any tangible results. Later the matter of conferences was continued by the State corporation commission, and these were concluded, at least for the present,

ent by a meeting at Old Point Comfort in the latter part of July. A formal report of the result of the attempts at compromise has recently been made by the corporation commission to the governor. While this report does not indicate that any agreement can be reached, and while it contains no recommendation of the State commission as to what action should be taken, it is exceedingly interesting in showing the attitude of the railroads as to the North Carolina rate adjustment. Far from standing pat upon the iniquitous system so long inflicted upon the people of North Carolina, the railroads have felt it necessary to take a conciliatory attitude and they fairly admit that there ought to be a correction in the interstate rates to that State. It is a matter of the utmost significance in the future conduct of the fight now being waged, that the railroads have offered, as shown by the report referred to, to reduce the rates to a large part of the State about 20 per cent. and to other parts from 5 to 15 per cent.

The second phase of the contest is the action taken by the State corporation commission in filing formal complaints before the interstate commerce commission. These complaints now on file, and which will doubtless be up for action sometime this fall, are as follows: (1) a petition alleging unreasonable rates of all the commodities and number of commodity rates from Cincinnati, Chicago, St. Louis and other points in Ohio, Indiana, Illinois, and other States, to Greensboro, N. C., as a typical destination point in the State. This petition compares the rates to Virginia cities, such as Roanoke and Lynchburg, with those to Greensboro, and shows that the latter point pays rates nearly twice as high as the former points. (2) A petition alleging unreasonable rates with the class rates from the same points of origin to a number of other North Carolina cities, such as Asheville, Statesville, Marion, and others. This petition shows that for considerably shorter distances the North Carolina shippers must pay very much higher rates than are paid by their competitors in Virginia for much longer hauls. For example, from Cincinnati to Asheville, 439 miles, the first class rate is 30 cents, while to Danville, Va., 473 miles, the rate is 28 cents and to Greensboro, 483 miles, the rate is 23 cents. (3) A petition alleging unreasonable rates from Cincinnati to Norfolk, Va., 392 miles, the first class rate from Norfolk to Charlotte is 60 cents, making the combination \$1. The through rate, however, from New York to Charlotte is \$1.02. (4) A petition attacking the rates northbound from Winston-Salem, Greensboro, Durham, to Roanoke and Lynchburg, Va. This petition states that the interstate commerce act (the long