THE NEW YORK HARBOR CASE.

No. 8994.

COMMITTEE ON WAYS AND MEANS TO PROSECUTE THE CASE OF ALLEGED RAILROAD RATE AND SERVICE DISCRIMINATION AT THE PORT OF NEW YORK ET AL.

v.

BALTIMORE & OHIO RAILROAD COMPANY ET AL.

Submitted June 25, 1917. Decided December 17, 1917.

1. In constructing their class rates and most of their commodity rates between points in the west and Atlantic seaboard territory the defendants have divided the eastern part of the country into several large rate groups, one of which, known as the New York group, includes most of the northern part of the state of New Jersey, the city of New York, and points along the Hudson River almost as far north as Albany, N. Y. The principal allegation of the complaint is that the transportation of commodities to and from Manhattan and Brooklyn involves an expensive lighterage and floatage service not performed on traffic to and from points in the northern part of the state of New Jersey; that in view of the more favorable location of the latter points the rates between points in the west and Jersey City, Hoboken, Newark, Paterson, and other cities in northern New Jersey should be lower than the rates to and from Manhattan and Brooklyn; and that the defendants' policy of embracing all of these points in the same zone, and their consequent failure to recognize in the rate structure the cost of the lighterage and floatage service, subjects the people and the communities of northern New Jersey to undue prejudice and disadvantage, and operates to the undue preference and advantage of Manhattan and Brooklyn. It is also alleged that the rates between points in the west and points in the northern part of the state of New Jersey are unreasonable *per se; Held*, for reasons fully stated in the report, that the rates attacked are not shown to be unreasonable or otherwise unlawful.
2. The difference in transportation conditions justifies the allowance of more free time in the aggregate on shipments to Manhattan and Brooklyn than on shipments to points in the state of New Jersey. The question as to the amount of free time which should properly be allowed for holding on the New Jersey shore cars billed to "New York lighterage" has been determined in another proceeding, *New York Harbor Storage*, 47 I. C. C., 141.
3. Shipments arriving at holding yards on the New Jersey shore billed to "New York lighterage" and later ordered by the shipper or consignee to a specified destination within the lighterage limits may be forwarded for $2 per car, whereas cars reconsigned from Jersey City to points in

New Jersey are subject to the usual reconsignment charge of $5 per car; *Held*, That the difference in transportation conditions justifies the difference in charges.

4. The allegation that the defendants subject northern New Jersey to undue prejudice by maintaining a superior freight service from Manhattan is not supported by the evidence.
5. The establishment of reciprocal switching arrangements on westbound traffic at Jersey City, Hoboken, and Weehawken would have the effect of short-hauling the carrier originating the traffic, and such a requirement by order of the Commission would therefore be contrary to the fifteenth section of the act to regulate commerce. Prayer for the establishment of interterminal switching arrangements for the interchange of eastbound carload traffic denied. Complaint dismissed.

George L. Record, *Robert H. McCarter*, *Frank Sommer*, and *John R. Walker* for complainants and New Jersey State Chamber of Commerce and Staten Island Chamber of Commerce, interveners.

George Stuart Patterson, *Jackson E. Reynolds*, *Clyde Brown*, *J. L. Seager*, *T. H. Burgess*, *R. W. Barrett*, and *C. R. Webber* as a committee for defendants generally.

William Ainsworth Parker and *C. R. Webber* for Baltimore & Ohio Railroad Company; *Jackson E. Reynolds* for Central Railroad Company of New Jersey; *H. A. Taylor* for Erie Railroad Company; *Clyde Brown*, *O. E. Butterfield*, and *Parker McCollester* for New York Central Railroad Company and allied companies; and *Raymond F. Waterhouse* for New York, Ontario & Western Railway Company, defendants.

Julius Henry Cohen and *Frank de R. Storey* for state of New York, Chamber of Commerce of the state of New York, Merchants' Association of New York, and a number of other trade bodies; *Lamar Hardy* and *George W. Wickersham* for the city of New York; *Malcolm Lloyd*, *jr.*, for Philadelphia Board of Trade; *Allen S. Olmsted*, *2d*, *William A. Glasgow*, *jr.*, and *Robert D. Jenks* for Commercial Exchange of Philadelphia; *R. E. Lee Marshall*, *Herbert Sheridan*, and *John B. Daish* for Baltimore Chamber of Commerce; *H. Findlay French* and *John B. Daish* for Board of Trade of Baltimore; *Albert C. Ritchie* for state of Maryland; *S. S. Field* for city of Baltimore; *Oliver C. Semple*, *George S. Coleman*, and *Robert T. Donahue* for Public Service Commission of New York, First District; and *H. C. Barlow* for Freight Traffic Committee, Chicago Association of Commerce, interveners.

R. D. Rynder and *A. C. Owen* for Swift & Company; *Samuel P. Goldman* for Real Estate Board of New York; *W. N. Taylor* and *Richard R. Costello* for Maritime Association of the Port of New York; *William H. Hickin* for Brookhaven Improvement Association, Incorporated; *Herbert A. Knox* and *Joseph A. Hall* for Bronx Board of Trade; *Richard S. Newcombe* for borough of Queens;

W. H. Chandler for Boston Chamber of Commerce; *Bruce M. Falconer* for Fifth Avenue Association of the city of New York; *Benjamin L. Fairchild* and *J. C. Lincoln* for Merchants Association of New York and others; *William C. Ridgway* for Paper Association of New York City; *E. W. Estes* for Broadway Association; *Nelson Gray* for New York wholesale grocers; *L. R. Eastman, jr.*, for Dried Fruit Association of New York; *L. M. Gaylor* for Wholesale Shoe League; *Joseph E. Kean* for Central Mercantile Association; *C. W. Nash* for Albany Chamber of Commerce; *W. Fred Silleck* for Erie Basin Board of Trade; *H. B. Cole* for Prudential Oil Corporation; *A. E. Beck* for Merchants & Manufacturers Association of Baltimore; *N. B. Kelly* for Philadelphia Chamber of Commerce; *Edmond E. Wise* for Retail Dry Goods Association of New York City; *Cyrus C. Miller* for Advisory Council of Real Estate Interests of New York City; *Frank Harvey Field* and *George W. Darling* for Manufacturers' & Business Men's Association; *Chas. J. Austin* for New York Produce Exchange; *William Liebermann* for Brooklyn Coal Exchange and Brooklyn Civic Club; *Francis F. Leman* for Staten Island Civic League; *George H. Tower* for Standard Oil Company of New Jersey; *Maurice J. Moore* for Real Estate Association of the state of New York and Brooklyn Board of Real Estate Brokers; *Harry B. Chambers* for Taxpayers' Alliance of the borough of the Bronx; *E. H. Best, E. W. Hoover*, and *Walter I. Willis* for Chamber of Commerce of the borough of Queens; *Charles F. MacLean* for New York Board of Trade and Transportation and New York State Waterways Association; and *Frank L. Neall* for various Philadelphia commercial interests, interveners.

Report of the Commission.

Harlan, *Commissioner:*

What follows is the report as proposed by the attorney-examiner who heard the evidence in this proceeding, with such changes, however, as seemed to be required, in the light of the exceptions to the report and the argument thereon, to give full expression to the conclusions reached by the Commission upon the facts disclosed of record.

It is maintained by some experts on harbor development that no port is to be regarded as ideal unless its facilities are so arranged as to provide for the direct and economical interchange of freight between the rail carriers and the boat lines serving it. There should be spacious piers on the water front adjacent to the terminals of the rail lines; the railroad tracks should extend onto the piers; and freight should be transferred directly between the cars and the vessels.

If this principle is sound, the very statement of it constitutes a serious indictment of the prevailing conditions at the port of New York, since the terminals of nearly all the trunk lines at that port are on the New Jersey shore, while most of the ocean lines have their piers either on Manhattan Island or at South Brooklyn, distant from 1 mile to 4 miles from the rail terminals. To a specialist in port development it is "a surprising fact that not a single steamship pier on Manhattan Island has a railroad track on it connected to a trunk line railroad, or even to a switching railroad by which the trunk lines might be reached." With a few exceptions there are no facilities on the New Jersey shore for the accommodation of large vessels, which are accordingly obliged to find pier space elsewhere in the harbor. In the absence of bridges or freight tunnels connecting the New Jersey shore with Manhattan and Brooklyn, the problem of providing facilities for the transfer of freight between the cars and the vessels is solved by the use of lighters and car floats, which are also employed in transferring freight between the railroad terminals and the piers in other parts of the harbor. The conditions under which freight is transported from one side of the harbor to the other at New York are without an exact parallel anywhere in this country. In *Lighterage and Storage Regulations at New York*, 35 I. C. C., 47, we observed that "the water areas intersecting and adjoining New York City and the crowded condition of Manhattan Island have resulted in the adoption by the carriers of forms of terminal service peculiar to that city," and that "many of the circumstances and conditions which affect the transportation service at New York have no counterpart in the United States."

In spite of the heavy expense incurred by the carriers in lightering and floating freight from one side of the harbor to the other, and in spite of the fact that no corresponding service, except as hereinafter indicated, is performed on traffic consigned to or from points in New Jersey, the rates for the transportation of freight between points in the west and Jersey City, Hoboken, Weehawken, Newark, Paterson, and certain other points in the same state, have been for many years the same as the rates between western points and New York and Brooklyn. The complainants contend that the rates to and from the New Jersey points should be lower than those to and from New York and Brooklyn, and that the defendants' failure to recognize the additional cost of the lighterage and floatage in constructing their rates to and from New York subjects the cities of northern New Jersey to undue prejudice and disadvantage and their people to the payment of unreasonable rates, and that an undue advantage is thereby conferred upon New York and Brooklyn and the people and industries there located. Since the hearing there has been a difference of opinion as to the exact nature and scope of the

complainants' demands. In their petition they ask, in effect, that the rates to and from points in northern New Jersey be made lower than the rates to and from New York and Brooklyn by the amount of the lighterage cost. Since the rates from western points to Philadelphia are only 2 cents under the rates to New York, and since the cost of lighterage is considerably in excess of 2 cents per 100 pounds, it is clear that to construct the rates on the basis suggested in the petition would bring them below the Philadelphia basis. At the opening of the hearing the examiner stated the issues, after which counsel for the complainants read into the record a prepared statement outlining the complainants' position, in the course of which he said:

> It is our judgment that if New Jersey is put substantially upon the Philadelphia basis in the matter of rates it will result in a development of the New Jersey territory in a way that will be of great advantage to the port of New York as a whole.

In the brief of exceptions filed by the complainants we are advised that this statement was not intended as a specific indication of the complainants' demands, but that "counsel was simply expressing the view that the complainants would not expect a reduction to the full extent of such (lighterage) cost, but merely intended to place a limitation upon the complainants' demands, that the spread between the north Jersey rates and the New York rates might be limited to 2 cents per 100 pounds, rather than be made the difference of the full amount of the cost of lighterage." It will be seen that a reduction of 2 cents in the rates to northern New Jersey would place them exactly on the Philadelphia basis. Whatever may have been the complainants' object in making this definite statement, it was accepted by the other parties, and properly so, as the issue to which they should address their evidence, and the hearing proceeded with that understanding. It is the view of the Commission that the issues should be clearly stated and definitely determined not later than the opening of the hearing. With that end in view it has instructed its examiners to state the issues when the case is called for hearing, and to request the parties to agree at that time as to the matters specifically presented for determination. This plan was adopted for the purpose of avoiding such situations as that here arising, and because it was found that no procedure could be successful, or result in substantial fairness to all parties, which permitted a complainant to shift his position after the evidence was submitted. In their brief the complainants define their position as follows:

> The specific relief sought by the complainants is the creation of a New Jersey rate zone, which, starting with the termini of the trunk line carriers along the Jersey shore of the Hudson River, will embrace all intermediate main-line points now located in that portion of New Jersey included within the New York

rate zone, and the establishment of a spread of at least 2 cents per hundred pounds in the rates to and from this New Jersey zone, from and to points west thereof, as compared with the rates to and from New York, to and from the same points.

Although the complainants here seem to have in mind the creation of a distinct rate zone embracing only northern New Jersey, it will be observed that to reduce New Jersey's rates by 2 cents per 100 pounds would have the effect of extending the Philadelphia rate group to the Hudson River, and of transferring northern New Jersey from the New York group to the Philadelphia group. It is true that the spread desired by the complainants could be effected by increasing the New York rates, but not without disturbing the port differential relationship, a matter to be discussed in detail later in the report.

The complainants take the position that the inadequacy of the present facilities at the port of New York and the consequent congestion of freight there are attributable at least in part to the application of a common rate of freight to and from points bordering on the harbor. As long as the railroads perform the expensive lighterage and floatage service without imposing an additional charge therefor, the freight rates offer no inducement to the steamship companies to seek pier space on the New Jersey shore rather than in Manhattan or Brooklyn; and the maintenance of a common rate to and from both sides of the port tends to increase rather than to diminish the congestion of freight on the shores of Manhattan and Brooklyn. If the freight rates to and from the New Jersey shore were lower, ocean shipping would be attracted to the New Jersey side of the harbor and more industries would be induced to locate there. The complainants contend that this result would be desirable, not only because it would relieve the congestion at the port, an ever-present problem, but because it would enable the defendants to avoid the great expense they now incur in performing a transfer service which the complainants deem unnecessary. There is some disagreement among the witnesses as to whether or not the present practice of handling freight in lighters is wasteful, nor are they in accord as to the relative advantages and disadvantages of loading and unloading freight directly between piers and vessels on the one hand and lightering it on the other. It seems to be agreed that solid trainloads of some commodities may be loaded and unloaded most economically and expeditiously if facilities are provided for the direct interchange of freight between car and vessel, and that lighters may be employed to better advantage when the cargo is of a miscellaneous character. The vessels entering and leaving New York harbor usually carry miscellaneous freight. In loading a miscellaneous cargo directly from cars to vessel it is important to have the cars shunted onto the pier in the exact order required for the proper

loading of the vessel, and if they do not arrive in the proper order confusion and delay result. Lighters, on the other hand, may arrive in any order, and those not needed immediately can be conveniently placed to one side while others are unloading. Moreover, a lighter may contain from 600 to 1,000 tons of freight, from 20 to 30 times as much as the average car. Perhaps the most efficient method is the one employed at the piers of some of the private terminal companies, where a vessel can take its cargo from cars and lighters at the same time; and if the necessary accommodations for ocean-going vessels were provided on the New Jersey shore near the railroad terminals, this method of interchange could be employed to better advantage there than in any other part of the harbor.

The complainants call attention to the fact that approximately 50 per cent of the country's total export and import traffic passes through the port of New York. It is estimated that 10,000,000 tons of freight annually would be affected by a change in the rates here in issue, and that of the total tonnage coming to the New Jersey shore from the west, from 85 to 90 per cent is carried in lighters or on car floats to the east side of the harbor. If it be true that an expensive and unnecessary lighterage service is performed on such an enormous tonnage, it is obvious that the present method of handling freight at the port involves a huge economic loss which is in a sense an unjustifiable burden upon the people of the whole country. The complainants also insist that the defendants' policy of transferring freight across the harbor without imposing a higher rate for that service encourages the continuation of the wasteful practices which have long prevailed, and they contend that the establishment of lower rates to and from the New Jersey side of the port would not only accord to the people of New Jersey an advantage to which their favorable location entitles them but would relieve the people of the whole country of an unnecessary burden which is directly attributable to the present rate adjustment. The various benefits which would accrue to practically all parties in interest if lower freight rates were published to and from the New Jersey shore are enumerated as follows by the complainants:

> New York will gain from the relieving of the existing congestion which will be made possible by the transfer of steamers to the New Jersey shore, leaving room for the expansion of the railroad facilities for lighterage service. It will gain from its share of the increased export and import business which will come to the port. It will gain in the collateral advantages that come to New York from the growth of the New Jersey suburban section.
>
> The railroads will gain in the saving of the excess cost over the revenue which they lose in lightering goods to New York and back again to the extent that this business would be done on the New Jersey side. They would gain in the increased export and import business that would come to the port.

The main trunk lines would gain by obtaining business which now goes to the west by our coastwise steamers.

New Jersey would gain from the increased business that would come to New Jersey from New York, and in the increased business that would be attracted to this port.

The whole country would gain in being saved the needless tax upon commerce which is involved in the existence of the present free lighterage practice.

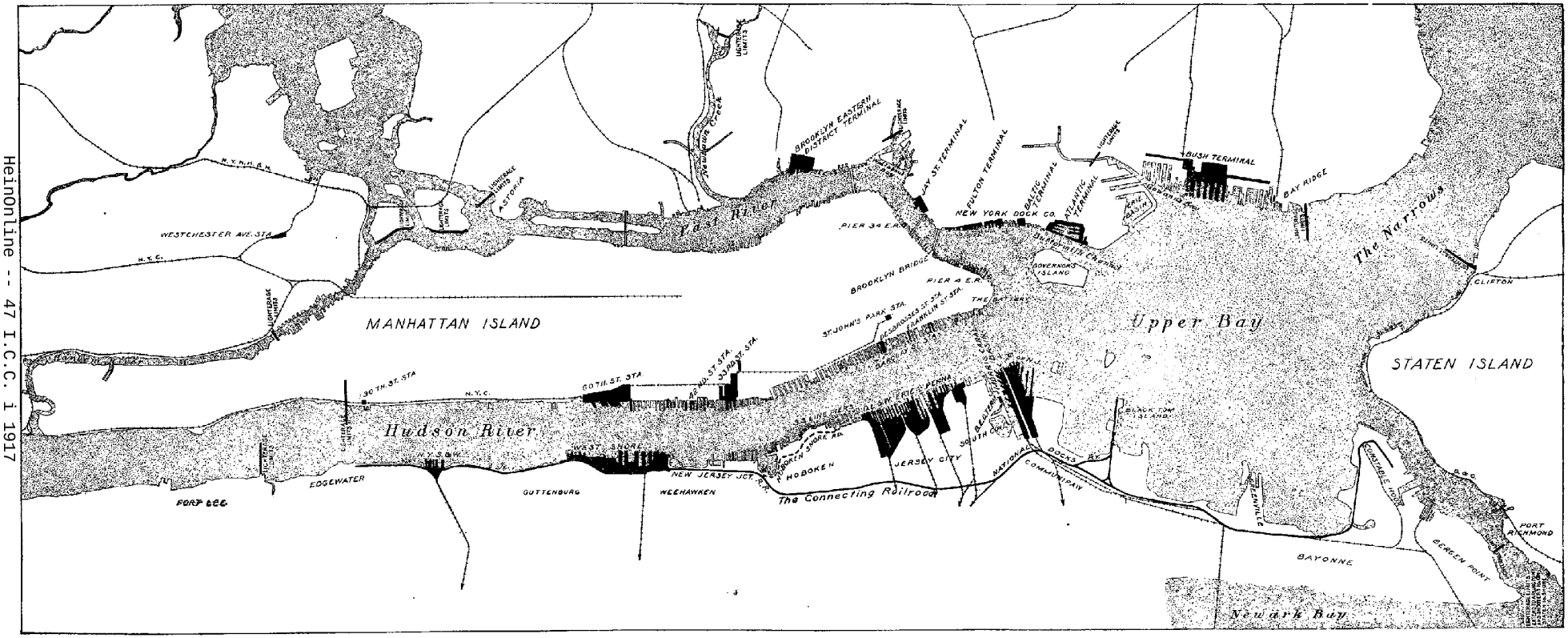
DESCRIPTION OF THE PORT OF NEW YORK.

The center of industrial, commercial, and maritime activities at the port of New York is the lower portion of the island of Manhattan. Bounded on the west by the Hudson River and on the east by the East River, both of which will accommodate the largest vessels, and with its southern end protruding almost into the waters of New York Bay, Manhattan Island has all the advantages which excellent facilities for transportation by water can afford. The accompanying map will be found helpful in studying the situation.

All along the west side of the island, from "the Battery" to the freight terminals of the New York Central Railroad at Sixtieth street, are piers for the accommodation of ocean vessels and the floating equipment of the various rail lines serving the port. Numerous steamship lines whose vessels are engaged in foreign and coastwise trade have pier space on the west side of the island; and here, too, are the railroad pier stations of the principal trunk lines, whose lighters and car floats are almost constantly engaged in transferring freight between these stations and the railroad terminals on the New Jersey side of the harbor.

On the west side of the Hudson River, directly opposite Manhattan Island, are the terminals of the trunk lines reaching the port of New York from the north and west. With a few exceptions to be noted later practically all of this portion of the New Jersey shore from Guttenburg to Constable Hook is owned by the railroads and used for railroad purposes. At Weehawken are the freight and passenger terminals of the West Shore Railroad Company and a number of piers owned by that company. A short distance to the south are the terminals of the Erie Railroad Company and the piers, stations, and warehouses owned by that carrier. South of the Erie terminal, in the city of Hoboken, are the piers of the Scandinavian-American line, the Holland-American line, the North German Lloyd, and the Hamburg-American line.

Immediately to the south of these steamship piers are terminals of the Delaware, Lackawanna & Western Railroad Company, the Erie Railroad Company, and the Pennsylvania Railroad Company, the two latter terminals being located in Jersey City, opposite the southern end of Manhattan Island. A short distance to the south



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of the Pennsylvania terminals is the Morris Canal Basin, adjoining which, in Communipaw, are the terminals of the Lehigh Valley Railroad Company and the Central Railroad Company of New Jersey. Still farther to the south are the "Black Tom" terminal of the Lehigh Valley Railroad and the Greenville terminal of the Pennsylvania Railroad. The terminal of the Baltimore & Ohio Railroad is on Staten Island, opposite Constable Hook.

It is unnecessary to give a detailed description of the Brooklyn shore front. It suffices for the purposes of this report to observe that the larger private terminal companies which act as the agents of the trunk line railroads in transferring freight across the harbor have their terminals on the Brooklyn shore. The most northerly of these is the Brooklyn Eastern District Terminal, located on the East River north of Wallabout Bay. To the south is the Jay Street Terminal, and just south of the Brooklyn bridge are the extensive terminals of the New York Dock Company. The Bush Terminal Company has its terminals between Gowanus Bay and Bay Ridge. The Brooklyn Eastern District Terminal has a small terminal at the foot of Warren street, Jersey City, adjacent to a refinery of the American Sugar Refining Company, but that terminal is not connected with the rails of any of the trunk lines and is not generally used by Jersey City shippers.

The following railroads reaching the port of New York from the west and north have their terminals on the New Jersey side of the harbor: Central Railroad of New Jersey; Delaware, Lackawanna & Western Railroad; Erie Railroad; Lehigh Valley Railroad; New York, Ontario & Western Railway; Pennsylvania Railroad; Philadelphia & Reading Railway; and West Shore Railroad. The only lines reaching New York from the north and west with their own rails are the New York Central Railroad, whose principal terminals are on the west side of Manhattan Island, and the Baltimore & Ohio Railroad, which has a freight terminal on Staten Island. The names of all the lines serving New York, together with the number of miles of railroad operated by each, are shown in Appendix A.

There are 91 steamship lines engaged in the foreign trade sailing from Manhattan, Brooklyn, and Staten Island. Only nine sail from the New Jersey side of the harbor, and three of these, the North German Lloyd and two of the Hamburg-American lines, have suspended their sailings because of the war. In addition to the lines engaged in the trans-Atlantic service there are 15 lines plying between New York harbor and points on Long Island Sound, all of them sailing from the New York side of the harbor. Appendix B shows the number of lines sailing from both sides of the port, and the foreign ports which they serve.

"FAULTY ORGANIZATION" AT THE PORT OF NEW YORK.[1]

Calvin Tompkins, former dock commissioner of the city of New York, called by the complainants as a nonpartisan witness, gave an interesting exposition of his views as to the problems confronting the dock department, and of the steps which, in his judgment, should be taken to solve them. In his opinion "it is necessary, at the start, to appreciate the relationship which exists between lighterage and faulty port organization." Lighterage and floatage are necessary because of the "faulty organization." New York is the only port in the world where a very large volume of freight is lightered or floated between trunk line terminals on one side of the harbor and ships and factories on the other side. Because of Manhattan's "insular disability" it is necessary to transfer freight to and from the island. In Mr. Tompkins' judgment, however, much of the expense of lighterage is unnecessary and could be avoided by reorganizing the

[1] The complainants contend that the whole organization of the port is fundamentally wrong. To quote from the complaint:

"Under the unscientific and uneconomic methods practiced by the carriers, and before referred to, the business of the port of New York has been developed along wholly artificial in lieu of natural lines. The result is that the city of New York has become so congested with traffic, and the price of land, owing to this artificially created demand, has risen so high, that the expense of conducting business on Manhattan Island has become excessive. High rents, high taxes, high insurance rates, congestion of the streets, congestion at the pier stations and shipping yards of the railroads, the wasteful methods in handling and rehandling all foodstuffs consumed, the value of which is estimated at more than $700,000,000 per annum, with the consequent heavy cost of drayage, estimated at $50,000,000 per annum, the loss to the railroads themselves in carrying goods across the bay and back again, in some cases only for storage, are all a burdensome tax upon business conducted at this port, which can only be completely removed by the reorganization of the port as a whole, and utilizing the advantages of the New Jersey shore and navigable waterways near its great port.

"While the difficulties growing out of the European war have materially increased the congestion at the port, nevertheless the congestion and expense arising out of the conditions herein described have become a normal condition, and some remedy must soon be found if the natural advantages of the port are to be fully availed of.

"This condition also affects not only the port of New York, but practically the entire industrial situation in the United States, as the excessive cost of doing business at the port of New York under existing conditions, affects all of the industries of America whose products pass through or come to the port for distribution. The problem, therefore, is really a national one, and is not confined solely to a local situation. It involves the handling of many times the maximum amount of tonnage that is estimated will go through the Panama Canal.

"The importance of adequate facilities for transportation of troops and freight from the west or south to the east by means of intercommunication, which may be quickly and readily availed of, if necessary, without passing through the port, in the event of war, likewise mark the existing condition of congestion as a national rather than a local problem.

"This difficulty can not be cured by temporary arrangements or any expedients, such as temporarily shortening the time to shippers on the New York side in which to remove their goods. The only way that this difficulty can be solved permanently and in the interest of the whole country, is to so readjust and reorganize the port as between New York and New Jersey territory, as to put into intensive use all the natural conditions, and give to the New Jersey side advantages which nature has provided. Such a reorganization, on scientific lines, will remove the unjust burden now imposed upon New Jersey, will relieve very greatly the port congestion, and enable all business at this port to be conducted on the basis of the greatest possible economy, thereby saving to the carriers millions that are now being lost each year by reason of unscientific methods and the failure to provide adequate facilities."

port. He suggests, as the most important feature of the reorganization which he proposes, better means of communication between New York and New Jersey, particularly in the form of bridges and tunnels. He quotes with approval the contention of the Jersey City Chamber of Commerce that "free lighterage is in effect a federal subsidy to overcome the incompetence of New York by inhibiting New Jersey from taking full advantage of its natural opportunities." He thinks it unfortunate that such a large portion of the water front on both sides of the river is devoted to railroad uses, and believes that the trunk lines whose terminals are now located on the New Jersey side of the harbor should be induced to construct modern land terminals on the west side of Manhattan, a short distance from the river. If the classification yards on the New Jersey meadows were connected by freight tunnels with a union terminal in Manhattan, the present "dead end" terminals on the New Jersey shore could be abolished and the water front devoted, as it should be, to marine uses.

The difficulty of attaining a physical coordination of facilities at the port, and administering them as an organic whole, is attributable in part to the nature of the harbor and to the fact that the opposite sides of the port lie in different states. One of the peculiar features of the port is its division into separate units. Manhattan, as previously explained, is separated from other parts of the port by the Hudson River, the East River, and New York Bay. Staten Island, separated from Manhattan by the waters of the upper bay, presents peculiarly difficult problems to those who believe that the port can best be developed by coordinating its various parts and bringing them under a single administrative authority. Brooklyn, located on Long Island, is separated from New Jersey by the broad waters of the upper bay, and from Manhattan by the East River. That part of the port lying west of the Hudson River is in the state of New Jersey, and the fact that the port is thus divided into two parts by a state line can not be overlooked by those who would understand its history and the problem confronting those who are interested in its development.

The trunk line terminals now located on the west side of the port could not be transferred to the Manhattan side, as suggested by Mr. Tompkins, without seriously disturbing existing conditions. Mr. Tompkins admits that such a change could not be effected without "interfering with and injuring public and private interests." He concedes that the consequent injury would be very great, and that "there is a great deal of private property and of public property in New York that will virtually have to be scrapped as a consequence of any general system of port policy looking to the integration of the port." Moreover, the stronger trunk lines, whose large terminals now give them a decided advantage over their less fortunate competi-

tors, would doubtless oppose the plan suggested by Mr. Tompkins, because the railroad terminal in Manhattan which he proposes would be equally accessible to all the trunk lines.

Other private interests whose success depends in large measure upon the continuance of present conditions in the harbor would doubtless be opposed to any plans looking to a material disturbance of those conditions. At various points along the Manhattan shore are industries engaged in the buying and selling of ice, coal, sand, stone, and other commodities. Their proprietors occupy portions of the water front under leases from the city, and because of the great demand for locations along the shore, and the scarcity of suitable sites, these leases are of great value to the lessees; and it has been suggested that because of their great value, their public nature, and the virtual monopoly which they give to their holders, they are properly to be regarded as franchises. Mr. Tompkins insists that in spite of this opposition the city of New York should not be content to rest its claim to commercial supremacy solely upon the continuation of free lighterage, and that the plan which he advocates should ultimately be accepted, regardless of the inevitable injury to existing property values which its adoption would entail. The ports of Hamburg, Antwerp, Manchester, Montreal, New Orleans, and San Francisco have already adopted plans providing for the administration of all the facilities at each port as a unit, and it is Mr. Tompkins's judgment that New York must follow their example or surrender its preeminence. Upon cross-examination, however, he expressed the opinion that it would be inadvisable suddenly to abolish free lighterage, and that the present policy should be continued "long enough to enable New York to at least start, in cooperation with New Jersey, to integrate the port."

It may be appropriate at this point to observe that the New York Central Railroad Company proposes to spend approximately $50,000,000 for new freight terminals on the west side of Manhattan as soon as it can obtain the city's consent to do so. Whether or not that consent should be given has been the subject of much discussion, and opinions have differed widely. The plans as originally drawn by the New York Central Railroad and by the dock department of the city of New York proposed that the new tracks should be extended along the marginal street paralleling the Hudson River, but under the present plan it is proposed to cut a right of way through the city blocks just east of the marginal street and south of Thirtieth street. The plans contemplate not only a reconstruction and relocation of the tracks, but the enlargement of piers and terminals, and other changes which will be referred to in somewhat greater detail later in this report. Mr. Tompkins is of the opinion that the city

blocks should be conserved for terminal and warehouse purposes and that the surrender of that valuable property by the city to the New York Central would constitute an insuperable impediment to his plan for the construction of a large union freight terminal on the west side of the island. The proposed plans have been tentatively approved by the port and terminal committee of the board of estimate and apportionment of the city of New York. We are advised upon oral argument that the legislature of the state of New York has recently taken the matter out of the hands of the city, with a view to determining independently the merit of the proposed improvement.

THE ADVANTAGES OF THE PORT OF NEW YORK.

It is but fair to observe that Mr. Tompkins represents a minority viewpoint; and he frankly concedes that when questions bearing upon the development of the port were considered by the Chamber of Commerce of the state of New York, his vote was often the only one cast in favor of the plans advocated by him. There are those who believe that Manhattan's insular position is by no means a disability; that its proximity to excellent waterways is of inestimable value to it; and that the waters of New York harbor permit a promptness and flexibility of terminal operation which are not attained at any other port.

A representative of the Merchants Association of New York pictured the waters surrounding Manhattan Island as "an interior belt line" employed in switching cars between the terminals of the trunk lines on the New Jersey shore and the industries, pier stations, and private terminals in various parts of the harbor. Unlike the cars on a belt line railroad or an industrial siding, the car floats and lighters plying in New York harbor are not restricted in their operation to a narrow roadbed or to the line of a particular carrier. They can readily transport freight to almost any point in the harbor or in the waters tributary thereto; and it may be said that an industry located, for example, at the Bush terminal in Brooklyn has convenient access to the terminals of all the trunk lines serving the port. By means of the car floats and lighters the industries along the water front can receive their raw materials over the lines of any of these rail carriers, and in shipping their finished products to the west they find nearly a dozen trunk lines ready to serve them. That this flexibility of terminal service is of great value to the shippers who are able to avail themselves of it can not be questioned; and the inconvenience which would result if it were not provided is attested by evidence submitted by the complainants to the effect that shippers located in Jersey City are decidedly handicapped because of the refusal of the trunk lines to provide reciprocal switch-

ing arrangements which would give the shippers there located access to the rails of more than one carrier. The defendants point out, however, that many shippers in northern New Jersey have the benefit of private sidings, whereas nearly all of the shippers in Manhattan and Brooklyn must dray their shipments to terminals on the shore front.

No other harbor on either seaboard of the United States rivals the harbor of New York in size. The port of New York has 921 miles[1] of water front, as compared with 141 at Boston, 120 at Baltimore, 37 at Philadelphia, 26 at Norfolk, 41½ at New Orleans, 8 at Galveston, 8 at San Francisco, and 113.9 at Seattle. The port of New York is peculiarly favored, also, in the area of its harbor, which is sufficiently large to permit the anchorage and maneuvering of large numbers of vessels; and in investigating the reasons for the preeminence of New York with respect to ocean traffic it is important to give consideration to the fact that the steamship companies whose piers are on Manhattan Island can dock their boats in close proximity to the very heart of the city, to its most important markets, to its largest mercantile establishments, and to its leading hotels; advantages which are not offered, and can not be offered, on the west side of the harbor. The fact that so many railroads and so many steamship lines serve the port is another great advantage. "Here are great ocean liners that touch every port in the world, steamers that sail to Africa, to Asia, to South America, along the coast, up the sound, through the Panama Canal, up the Hudson—railroads east, west, north, south, everywhere—in short, a veritable network of intercommunication with all the world, resembling a giant telephone switchboard."

THE ERIE CANAL, OLD AND NEW.

One of the leading advantages of the port of New York is its favorable location. As early as the first part of the eighteenth century, when the colonists began to explore the territory west of the Allegheny Mountains, it became apparent that the valleys of the Hudson and Mohawk rivers afforded the most convenient routes between the eastern seaboard and the west; and as the fertile regions in the vicinity of the great lakes were developed it was found not only that the lakes themselves could be conveniently used for the transportation of the products of the western fields, forests, and mines, but that the Mohawk and Hudson valleys constituted the only direct avenue of commerce which could be used in forwarding those

[1] Measured along shore and around piers. The distance along the shore proper is said to be 771 miles.

products to the seaboard. All the traffic using this natural highway passed through the port of New York, which has been called "the seaboard portal of the best highway approach to the west."

Then, toward the end of the first quarter of the nineteenth century, the people of the state of New York realized the importance of constructing a canal to connect the great lakes and Lake Champlain with the navigable waters of the Hudson River. "The need of the hour was expansion, and, as subsidiary to it, communication." In vain the people of New York appealed to the federal government to assist in the construction of such a canal; in vain they called upon the people of neighboring states, including New Jersey, to share in the cost of the enterprise; and, failing of outside assistance, the state of New York, with a population of only 1,350,000, entered upon an undertaking the estimated cost of which was $6,000,000.

The Erie Canal, opened in 1825, marked a new epoch in the history of transportation in this country. The advantages which it conferred upon the state of New York and the port of New York are strikingly portrayed by statistics showing the total exports and imports from and to certain states and certain ports before and after the construction of the canal. During the period 1791 to 1800 there was a close contest between the states of New York, Pennsylvania, Maryland, and Massachusetts for supremacy in the export trade. During that decade the total values of the exports from these states were as follows: New York, $96,000,000; Pennsylvania, $95,000,000; Maryland, $80,000,000; Massachusetts, $70,000,000. It will be observed that the states of New York and Pennsylvania were evenly matched, and that Maryland and Massachusetts were not far behind. Even before the construction of the Erie Canal, New York began to outdistance her competitors. For the decade 1811 to 1820 her exports were $88,000,000; South Carolina was second with $65,000,000; Louisiana and Georgia were nearly the same, with approximately $50,000,000 each; and Virginia came next with $45,700,000. The most significant figures are those for the two decades immediately following the completion of the Erie Canal. During that period the exports from the states of New York and Louisiana attained remarkable proportions. For the period 1831 to 1840 Louisiana was first with $256,000,000, New York second with $180,000,000, South Carolina third with $101,000,000, and Georgia fourth with $73,000,000. The following decade, 1841 to 1850, finds Louisiana and New York contesting for supremacy, with New York rapidly gaining. Louisiana was still first with $329,000,000, New York second with $302,000,000, South Carolina third with $86,000,000, and Massachusetts fourth with $76,000,000.

The most striking feature of these statistics is the marked contrast between the general situation in the last decade of the eighteenth century and that which prevailed in the middle of the nineteenth century. Just prior to the year 1800 four of the states on the Atlantic seaboard, New York, Pennsylvania, Maryland, and Massachusetts, led in the value of exports, and the difference between them was relatively small. By the middle of the last century, however, the routes of transportation afforded by the Mississippi River and by the Erie Canal and the waterways which it connects showed their influence with telling effect. For the decade 1841 to 1850, the exports from both New York and Louisiana exceeded $300,000,000, and South Carolina, with $86,000,000, was their nearest competitor.

Beginning with 1856 the export and import statistics are recorded for each port, rather than for each state. From that year to the present time the port of New York has occupied a position of unchallenged supremacy. The average annual value of the exports from the port of New York for the period beginning with 1861 and ending with 1870 was $137,648,000. New Orleans was second with $35,695,000, and Boston third with $13,397,000.

An examination of the statistics showing the annual average value of both exports and imports also shows the port of New York to have been far in the lead as early as 1861. During the decade beginning in that year, the average annual value of New York's exports and imports was $365,056,000, or 48.7 per cent of the total for the whole country. Boston was second with $49,365,000, or 6.5 per cent of the total. During the next two decades, from 1870 to 1890, New York's exports and imports exceeded in value those of all the other ports of the country combined, and even at the present time more than half of the country's total imports and nearly half of its total exports pass through that port. The figures for the fiscal year 1914–15 are shown in the accompanying table:

Value of exports and imports through principal ports of the United States for the fiscal year 1914–15.

Port.	Value of imports.	Per cent of total for United States.	Value of exports.	Per cent of total for United States.
New York	$985,695,792	55.3	$1,029,063,713	40
New Orleans	84,564,012	4.7	201,606,560	7.8
Galveston	11,196,352	.6	243,079,784	9.5
Boston	106,284,880	5.9	86,595,429	3.3
Philadelphia	84,715,468	4.7	77,924,487	3
Baltimore	29,736,196	1.6	120,834,364	4.

Additional statistics with respect to the value of exports and imports are shown in Appendix C.

The influence of the Erie Canal on the progress of the state of New York is further shown by other statistics to which brief reference may be made. Between 1820 and 1840 the population increased more than 75 per cent, and the number of persons engaged in manufacturing nearly trebled. Particularly significant is the fact that the cities along the route of the canal increased more rapidly in population than any other cities in the country. In the percentage of increase between 1820 and 1830 Rochester led all other cities of the United States with 421 per cent; Buffalo was second with 314; Syracuse third with 282; Utica fourth with 243; and Troy was surpassed only by Louisville, in the state of Kentucky, and Cincinnati, in the state of Ohio. A state of secondary rank in 1810, New York had become in 1840 preeminently the leading commercial state in the union.

The supremacy of New York in its facilities for communication with the interior is thought to have been the cause of its later supremacy in manufacturing. During the early part of the last century Philadelphia was the leading manufacturing city of the country, while New York "ranked below many American cities of less pretension." The advantage of cheap water transportation to and from New York soon proved attractive to manufacturers, however, and "gradually, almost inadvertently," New York became the foremost manufacturing city on the continent.

Reference has already been made to the remarkable increases in New York's exports and imports following the construction of the Erie Canal in 1825. The unusual success of the canal during the next few decades is undoubtedly attributable in part to the fact that at that time the railroads were still in their infancy. The first through rail line from New York to Chicago was opened in 1852 and it was not long before the competition between the rail routes and the water route was keen. A study of the all-rail class rates from New York to Chicago shows that as early as 1866 the railroads found it necessary to depress their rates during the season of open navigation to meet the canal competition. In January and February of the year 1871, for example, the first-class rate from New York to Chicago was $1.80. Late in February it dropped to approximately $1.50. During the spring and summer months it was approximately $1, and at times even lower. During September, October, and November it fell to 30 cents, and in December it mounted to $1.25. An examination of the rates during other years shows that these fluctuations occurred each year until 1878; and although they were so irregular as to indicate that other influences than water competition were at work, the fact that the rates usually reached their

lowest level between April and December, the season of open navigation on the canal and the lakes, shows that the water route was a factor with which the railroads had to reckon.

As early as 1865, however, it became apparent that the railroads were gaining rapidly in the volume of tonnage handled, and the statistics showing the gradual but certain prevalence of the rail lines over the water route are as interesting as the earlier figures which tell the story of the canal's success. In 1853 the New York Central Railroad carried 360,000 tons of freight, and the Erie Railroad 631,039 tons. In that year there were transported through the Erie and Champlain canals 4,247,853 tons, more than four times as much as the combined tonnage of the two great trunk lines. In 1868 the New York Central carried 1,846,599 tons, the Erie 3,908,243 tons, and the canals 6,442,225 tons. In the following year, 1869, the combined tonnage of the two railroads exceeded for the first time the tonnage passing through the two canals, the railroads' tonnage being 6,594,094 tons, as compared with 5,859,080 tons for the canals.

The water routes never regained the supremacy which they lost in 1869. In 1880 the two rail carriers handled 19,248,930 tons of freight, while the canals carried only 6,457,556 tons. In 1890 the two railroads carried 32,378,097 tons, as compared with a total of 5,246,102 tons moving through the canals. The story is continued in the following table:

Separate tonnage of the New York Central Railroad, the Erie Railroad, and the Erie and Champlain canals.

Year.	New York Central Railroad.	Erie Railroad.	Canals.
1892	20,721,752	18,334,716	4,281,995
1896	22,123,617	22,562,243	3,714,894
1900	37,586,496	26,501,104	3,345,941
1904	36,379,655	28,992,293	3,138,547
1908	41,980,236	32,860,498	3,051,877
1912	48,571,491	35,544,620	2,606,116
1915	64,287,881	35,257,739	1,858,114

The figures for each year beginning with 1853 and ending with 1916 are shown in Appendix D.

The dwindling figures in the last column have long been a matter of serious concern to the people of the state of New York. The statistics for the year 1915, for example, can be interpreted only to mean that the Erie Canal, at one time the principal avenue of commerce between the east and the west, is now a comparatively insignificant factor. Nor have the people of the state viewed without apprehension a decrease from 51.9 in 1873 to approximately 40 per cent in

1914 in the percentage which the value of exports from New York bears to the total for the whole country.

A number of years ago the people of New York, alarmed at the growing influence of the ports of Philadelphia and Baltimore, and determined to restore the Erie Canal to the position of prominence which it formerly enjoyed, began to consider the advisability of constructing a new canal much larger than the old one. In 1903, when the question was submitted by referendum to the voters of the state, it was decided to devote $101,000,000 to the reconstruction of the Erie, Champlain, and Oswego canals and an additional sum of $19,800,000 for canal barge terminals. In 1915 an additional sum of $27,000,000 was similarly appropriated for the same purpose. It is said that the total cost of the new canal, including all the interest on the funded debt incurred in its construction, will be $675,000,000.

The new canal, which is commonly known as the barge canal, is a colossal project in comparison with the original undertaking, the total first cost being approximately twenty times as great as the original cost of the Erie canal. Approximately 97 per cent of the work has already been completed. The barge canal is designed to accommodate 10,000,000 tons of traffic annually, approximately three times as much as the old canal carried in its most successful days. The docks are to be electrically operated, and modern barges, propelled by their own power, are to be substituted for the mule-drawn canal boats of the last century.

An important feature of the new project is the appropriation of $19,800,000 for barge terminals at various points along the route. Thirteen of these, to cost $9,740,000, are to be located in New York harbor, and three of them are already under construction. That those improvements will inure to the benefit of New Jersey if that state avails itself of their advantages is the opinion of the engineer employed by Jersey City to investigate the harbor situation. In his report to the city he says:

> In addition to this over-sea business there is a large potential, but practically certain additional domestic trade that will be developed within the next few years upon the completion of the New York State Barge Canal. The state of New York will establish canal barge terminals at various points in the city of New York of course; but it can not compel all, or even the most of the vessels using the canal to either load or discharge cargo within the city or state limits if it is not convenient and desirable to shippers and vessel owners to do so. In a large sense the terminal of the barge canal may be considered to be the whole of New York Bay and its tributaries, and there is no reason why the cities of northern New Jersey, particularly Jersey City, could not gather the lion's share of this business without having contributed either directly or indirectly a penny of the enormous cost of the construction of the canal, provided the city offers sufficient inducements in the way of convenient and economical terminals to draw it.

IMPROVEMENTS BY THE CITY OF NEW YORK.

The fact that New York City has lodged in a single department, known as the dock department, authority and control over its water front, has had a most beneficial influence on the progress and development of the port. As early as 1870 the city adopted a carefully planned program for the municipal ownership of its shore front and piers, and during the past 40 years a very large part of the water front has been acquired by the city, which now owns more than 20 per cent of its entire harbor frontage. Of the 104 miles of developed water front it owns 47 miles, or 45 per cent.

Nearly all the extremely valuable frontage on the west side of Manhattan Island is owned by the city. An exhibit filed by the city's dock commissioner indicates that 32 of the 54 railroad piers on the North River are municipally owned, and that of the 47 steamship piers on the west side of Manhattan only 3 are privately owned. A considerable portion of the East River water front also belongs to the city.[1]

The following table shows to what purposes the water front on the west side of Manhattan is devoted and what percentage is devoted to each, the figures given applying to that portion of the shore front which lies between pier No. 1, North River, at the extreme southern end of the island, and West Thirtieth street, a distance of 3.91 miles:

Nature of occupancy.	Percentage of total.	Nature of occupancy.	Percentage of total.
Trans-Atlantic steamships	17.5	Open wharfage	3.9
Coastwise steamships	24.3	Coal, ice, oysters, etc	6.9
Railroads	30.8	Recreation piers	.1
Hudson River steamers	3		
Long Island Sound steamers	5.7	Total	100
Ferries	7.8		

It has been the policy of the city to lease its shore front to railroad companies, steamship lines, and private concerns. There are approximately 516 leases and permits for the use and occupation of

[1] The progress made by the city recently in the development of its water front is attributable in no small measure to the fact that in 1898 "Greater New York" came into being. Prior to that time the city of New York embraced only Manhattan and the Bronx. In that year 40 cities, towns, and villages were consolidated into a single municipality. One important result of the merger was a very great increase in the borrowing capacity of the city, which has been able to make much greater expenditures for municipal improvements than it could otherwise have made. A remarkable increase in the population and general prosperity of the city seems also to have resulted from the consolidation. One index to the city's growth is the number of passengers carried annually on the electric lines within the city. In 1898 the number was slightly more than 600,000,000; in 1916 it was 1,890,000,000, an increase of more than one billion passengers. The significance of these figures is indicated by the fact that there were carried on all the steam railroads of the United States in 1916 only slightly more than one billion passengers.

wharf property and riparian rights owned by the municipality. Many of these leases are for long periods of time, but many of them provide for recapture or cancellation by the city at any time. Of 19 leases of piers on the North River to railroad companies, 8 will expire within 10 years, 5 more within 15 years, 5 more within 25 years, and 1 expires in 1955. In 1916 the city derived a total rental of $4,426,270.71 from its leased piers and bulkheads. It should be stated, however, that the city owns 150 "open" piers, which are not leased for definite periods, but where wharfage is permitted at specified rates, as well as 130 bulkhead spaces which are available for use under temporary permits issued by the dock department.[1]

Since 1870 the city has spent $43,062,162 for wharf property and $71,515,826 for the construction of piers, bulkheads, and terminals. Other expenditures for repairs, maintenance, and administration bring the total to $135,529,572.

The seriousness of the general terminal problem at the port of New York is due in no small measure to the fact that the most desirable water frontage is inadequate to accommodate all who apply for pier space. Both the railroad companies and the steamship lines regard the west side of Manhattan Island as the most suitable for their purposes, and, in spite of commendable results obtained by the dock department, it has been found necessary to induce some of the applicants to accept pier space in other parts of the harbor. Even prior to the enormous increase in the volume of export traffic which the trunk lines have recently been called upon to carry to the seaboard the congestion of freight at the terminals, on the piers, and in the streets of the city presented a problem which taxed the ingenuity of the carriers and the city authorities.[2]

It would be inadvisable to describe in detail the operation of the dock department or the constructive work which it is planning for the future development of the city's water front. The

[1] The value of the property fronting on the North River is indicated by the rentals which the city of New York derives from its pier leases. Piers 14 and 15, with certain adjoining bulkhead space, were leased to the Brunswick Steamship Company at an annual rental of $120,000 for the first 10 years and an annual rental of $132,000 for the next 10 years. Piers 20 and 21, with the adjoining bulkhead, are leased to the Erie Railroad Company at an annual rental of $132,000.

[2] The present dock commissioner describes the situation as follows:

"The necessity for dispatching the business within very limited periods of high congestion morning and evening, combined with the cramped conditions under which freight is handled over the piers and through the bulkhead sheds, has produced a condition which places a most serious burden upon the shippers of the city. West street and the marginal way are at times crowded with trucks to a point where it is impossible to reach the freight stations without intolerable and expensive delays. Testimony which appears entirely reliable has been taken by a number of commissions which have investigated the subject to the effect that several hours' delay in waiting for a chance to receive or deliver freight is no uncommon occurrence, and that the actual cost to the New York shipper of getting freight to and from the water-side stations is frequently equal to or in excess of rail service as far west as Buffalo."

present dock commissioner, who was called as a witness, thinks it "necessary to outline some adequate plan for relieving our commerce of disadvantages which rest upon it, due to the impossibility of providing a type of terminal organization which is readily obtainable in other places." To extend the piers to accommodate the largest ocean-going vessels; to widen the marginal street to relieve the congestion of trucks and other vehicles which cart freight to and from the piers; to provide suitable pier space on an already congested water front for the railroads, steamship companies, and other applicants; and, at the same time, to plan in a broad way for the future development of the port as a whole; these are the principal problems confronting the dock department at the present time.

One enterprise upon which the city is embarking is worthy of note—the construction of a marginal railroad in Brooklyn to be municipally owned and perhaps municipally operated. There has never been in any part of the harbor a general water front freight terminal owned and operated by the railroads jointly. They have been content to use their own private terminals and, when they proved inadequate, to employ the facilities of private auxiliary terminal companies. In the borough of Brooklyn, as previously stated, there are a number of such auxiliary terminal companies, the largest of which are the Brooklyn Eastern District Terminal, the Jay Street Terminal, the New York Dock Company, and the Bush Terminal Company. It will be observed from the map, *ante*, facing page 650, that these terminals are located on the Brooklyn shore between Newtown Creek and Bay Ridge. Between the Atlantic basin and Gowanus Canal there is a large section susceptible of commercial development, but at present almost entirely neglected. Just to the north of this section is another, where the terminals of the New York Dock Company are located, a territory served by "three disconnected fragments of a freight railroad"; and to the south is the property of the Bush Terminal Company.

The object of the proposed marginal railroad is to coordinate these disconnected facilities and to supply an adequate freight service to the whole section. The plans call for a double-track railroad extending from Bay Ridge to the Brooklyn bridge. A large classification and distributing yard is to be located at the Erie basin, where the state of New York has already acquired a site for the construction of one of the barge canal terminals previously discussed. It is not improbable that the various trunk lines reaching the port can be induced to operate this railroad jointly; but if not, the city itself plans to operate it, and in any event it will be constructed and owned by the city.

Reference should also be made to the New York Connecting Railroad, recently completed. The principal object of this road was to form a direct connection between the lines of the Pennsylvania system and those of the New York, New Haven & Hartford. The road extends from Bay Ridge, through Brooklyn and Queens, and across the East River to a point in the Bronx. It connects on Long Island with the Long Island Railroad, a part of the Pennsylvania system, and in the Bronx with the New Haven. Passenger traffic between New England and points in the south and west is now being handled over an all-rail route, and in the near future through freight will be interchanged by means of car floats operating between Greenville, N. J., and Bay Ridge.

LACK OF CENTRAL ADMINISTRATIVE CONTROL IN NEW JERSEY.

The inactivity of the municipalities and of the state authorities in New Jersey with respect to the improvement and development of the west side of the harbor is noticeable. The contrast between the notable progress of the city of New York, on the one hand, and the inaction of New Jersey on the other is striking.

This difference in policy is attributable primarily to a difference in conditions. For more than 40 years, as previously explained, New York's whole harbor policy has been in the hands of a single department, which now has jurisdiction not only in Manhattan but in the Bronx, in Brooklyn, and in Staten Island, all of which are a part of the greater city. The results of this concentration of authority in a single body have been most beneficial. The whole port, or such part of it as lies in the state of New York, can be developed as a unit, with due regard to the advantage and disadvantage of each part. If all the large steamers can not be accommodated on the west side of Manhattan, they may be accommodated in South Brooklyn; if a railroad applicant for pier space on the east side of Manhattan can not be accommodated there, it may be conveniently located in Wallabout Bay; if the ferry service between Manhattan Island and Staten Island is unsatisfactory, the city of New York constructs and operates municipal ferryboats to afford the desired service; and if the ferries operating across the East River are not adequate to carry the rapidly increasing number of passengers traveling between Manhattan Island and Long Island, tunnels are constructed under the river and subway trains operated through them. The advantages which the city derives from the concentration of port authority in a single administrative body are numerous and obvious.

In New Jersey the opposite conditions prevail. In that portion of the state which is commonly regarded as being within "the metropolitan district," embracing all or parts of the counties of Hudson,

Bergen, Passaic, Essex, Union, and Middlesex, there are scores of cities, towns, and villages, each of which has separate control of its own municipal affairs. Opposite Manhattan Island, on the west side of the Hudson River, are the towns of Edgewater, Guttenburg, and Weehawken and the cities of Hoboken and Jersey City, and farther to the south is the city of Bayonne. Each of these municipalities has a separate corporate existence, and each has the power, independently of the others, to take such action as it pleases with reference to the development of its own water front, or to take no action at all.

In 1910 the then governor of New Jersey appointed a commission of three members to study the problem of port development, and especially to find some method of accommodating large vessels in the harbor without extending the piers farther into the river. That commission worked in cooperation with a similar body representing the state of New York. In 1911, following the report of the New Jersey commission to the legislature of that state, the New Jersey Harbor Commission was created, consisting of five members. In 1915 this commission was merged, together with several others, into the New Jersey Board of Commerce and Navigation. Investigations conducted by this board led it to the conclusion that the present adjustment of freight rates results in injustice to New Jersey, and it therefore recommended to the governor of that state that he appoint a special committee to discover ways and means of procuring a more equitable rate adjustment. That committee, which is known as "the Committee on Ways and Means to Prosecute the Case of Alleged Rate and Service Discrimination at the Port of New York," was duly appointed, and it has joined with the New Jersey Board of Commerce and Navigation, and with the cities of Newark, Hoboken, Jersey City, and Elizabeth, in instituting the present proceeding.

There is no department or board in New Jersey, either state or municipal, whose powers are analogous to those possessed by the dock department of the city of New York. The New Jersey Board of Commerce and Navigation has power to lease or sell riparian lands belonging to the state; to inspect power vessels on inbound waterways; to aid in the movement for the construction of a ship canal across the state; to aid the municipalities in developing their water fronts; and generally to supervise the development of port facilities. The board has no power to construct docks or bulkheads, to dig channels, or to provide the funds which are needed for the proper development of the harbor. It can accomplish those things, if at all, only indirectly, by using its influence with the several municipalities and urging them to cooperate. Even the legislature of the state of New Jersey is forbidden, by a constitutional provision, to incur a debt of more than $100,000 without the consent of the people of the state.

The New Jersey Harbor Commission found that the absence of a central authority in New Jersey was a decided handicap to the proper development of its waterways. In the fourth preliminary report of that commission it is stated:

> Appendix I contains a map showing the various communities in New Jersey bordering on the harbor waters and tributaries, each with its own individual government and each exercising such control over its water front as is provided by its laws. This map shows also that the New York portion of the harbor is all under one central control over the water front. This would indicate the different policies of the two states, and New York's greater development and greater utilization of its water front points out a lesson for New Jersey to consider.

And in the same report the commission says:

> From the studies made of the organization of the important seaports throughout the world, and from the observation of the present tendency of modern seaports to become public, as far as possible, for the receipt and shipment of commerce, it would appear that the only plan by which New Jersey can reap its proper share of the benefits from commerce is by the creation of a central port authority. It is probably impossible for enough of the communities to get together to form general port bodies in various local districts, and it therefore seems necessary that such a body should be a state body, with jurisdiction over the water front, the waterways, and the upland adjacent thereto, throughout the entire state * * *. The whole railway situation in New Jersey and the whole waterways situation in New Jersey are both so closely connected and so dependent upon the policy in New York harbor that it must all be worked out as one general plan under one central control.

In one of the appendices to the report from which the above excerpts are taken, the commission said, in commenting further upon the lack of a central control in New Jersey, that "this division of authority has made it most difficult to adopt and carry out any comprehensive plan, and * * * created many complications."

The policies of the two states have also differed widely with respect to the ownership of riparian rights. The state of New York has ceded to the city of New York a large part of the riparian rights which were formerly vested in the state. On some of the water front property thus obtained the city has constructed valuable improvements, and most of it has been leased to private and quasi public interests. In New Jersey it has been the policy of the state riparian commission to sell outright the riparian rights owned by the state, or to lease them with option in the lessee to purchase, and the most available of this property has been sold, principally to the railroads. We are told, in the report previously referred to, that "the state has already sold, or leased with a commitment to sell, the best of its water front."

The result of the division of authority in New Jersey and of the lack of foresight on the part of individual municipalities is strikingly evidenced at Jersey City. Located almost in the heart of one of the

best harbors in the world, with more than 5 miles of frontage on the lower Hudson River and upper New York Bay, and served by five of the country's great trunk lines of railroad; in short, possessing all the qualifications which a seaport of the first rank should have Jersey City has been content to see her valuable water front "turned into a huge railroad yard." Of her 5 miles of shore line more than 90 per cent is owned by the carriers. Of the 133 long piers on the New Jersey side of the harbor only one is publicly owned. An engineer employed by the municipal authorities of Jersey City in 1915 to study the general conditions of the water front and to report on the opportunities for developing it, discovered that of the total harbor frontage of 26,454 feet the city owned but 125 feet; and he could only report that Jersey City, "intended by nature to be a great seaport," had "failed lamentably in the realization of this manifest destiny" and that she had "entirely neglected to take advantage of these natural and artificial opportunities for greatness in maritime affairs."

THE PORT OF NEW YORK A COMMERCIAL AND INDUSTRIAL UNIT.

In that part of the state of New Jersey lying within a radius of 30 miles of Manhattan Island there are several cities engaged in manufacturing, including Newark, Jersey City, Paterson, Perth Amboy, Hoboken, Elizabeth, New Brunswick, and Passaic. The population of these cities, the number of wage earners, and the value of the products manufactured annually by each city are shown in the following table:

	Population.	Wage earners.	Annual value of manufactures.
Newark	366,721	59,955	$202,511,520
Jersey City	270,903	25,450	128,774,000
Paterson	125,600	32,004	69,584,351
Perth Amboy	32,121	5,866	73,092,703
Hoboken	70,324	8,100	20,413,015
Elizabeth	73,409	12,735	29,147,334
New Brunswick	23,388	5,264	10,004,802
Passaic	54,773	15,086	41,729,257
Total	[1] 1,017,239	164,460	575,256,982

[1] The population of all the counties of New Jersey embraced in the New York rate group is 2,350,347.

The industrial district of northern New Jersey is so near the city of New York and so densely populated that the whole region, both in New York and in New Jersey, is commonly referred to as "the metropolitan district." Many thousands of people who are employed in New York have their homes in New Jersey, and every morning and evening the ferries, subway "tubes," and suburban trains are crowded with commuters traveling between their homes

and their places of business. In this respect northern New Jersey is quite as much a part of New York as is Brooklyn or Staten Island. Moreover, eight counties of northern New Jersey, including those in the metropolitan district, are embraced in the New York customs district as defined by the federal government; and throughout the metropolitan district there are industries engaged in the manufacture of the same articles, drawing their raw materials from the same source, and disposing of their products in common markets. The evidence shows that their proximity to New York has not been unfortunate for the cities of northern New Jersey. In the 1902 "Year Book" of the Board of Trade of Newark, N. J., we read:

> The richest city in the world keeps an open door for the products of our mills, workshops, and factories. The millions of capital employed in promoting the distribution of the world's products from the warerooms of New York are at the command of our business men and the fleets of all nations riding on the waters of the Hudson and East rivers stand ready to distribute these products in all parts of the world at the lowest possible cost to the producer.[1]

The defendants raise the point that both sides of the port have for years been accorded the same rates by the boat lines serving it. Since the very earliest days of transportation through the Erie Canal it has been customary to apply the same rates by boat from Manhattan and Brooklyn as from Jersey City and Hoboken, and the same policy will be followed when the new barge canal is completed. The advantages which New Jersey may derive from the opportunities afforded by the new canal have already been mentioned. Moreover, the rates published by the carriers operating over the ocean-and-rail routes, which carry a large tonnage between New York harbor and points in the west, are the same from Jersey City and Hoboken as from New York, although all of the vessels engaged in this traffic sail from the Manhattan side, and an additional lighterage service must therefore be performed on traffic moving to or from points in New Jersey. All parts of the port are regarded as a rate group in the construction of export rates, the defendants' export rates applying to ship side, and, as we shall see later, the complainants concede that that adjustment should be continued. The fact that the boat lines have so long accorded the same rates to both sides of the port is

[1] The president of the Public Service Corporation of New Jersey said in a recent address: "It is undoubtedly true, as all these authorities show, that the drift is away from Manhattan as a place of residence and as a place of industrial manufacture, out to the immediate suburbs; and those suburbs are, as I said a moment ago, Westchester county, the borough of Bronx, Long Island, and New Jersey * * *. In 1890 the population of New Jersey was in round figures, 1,450,000; in 1900 it was 1,500,000; in 1910, 2,500,000; and in 1915, 2,850,000 * * *; for while it is true that we prosper largely because of our proximity to New York as a suburban place of residence, the commercial aspect of the growth is even of more importance, and for that same reason * * *. It may interest you to know that this line from Newark to New York (referring to the Hudson 'tubes') is every day in the year carrying to and fro thirty-odd thousand people—over a million a month."

thought by the defendants and the interveners to suggest the undesirability of requiring the trunk lines to construct their domestic rates in such a way as to "split the port."

The report of the interurban committee of the Newark Board of Trade for December, 1906, refers to the fact that a large part of the port of New York lies in New Jersey, and as if for the purpose of emphasizing this thought a map of the whole port is printed on the first page of the report, over which are prominently displayed the words: "Northern New Jersey Considered as Part of the Port of New York." The map, which is reproduced in Appendix E, seems to show beyond question that even from the New Jersey viewpoint the port is properly to be considered as an organic whole. At any rate it is obviously necessary, in determining the propriety of requiring a departure from the long-established practice of according the same rates of freight to all parts of the metropolitan district, to give due consideration to the fact that the whole district is an industrial and commercial unit.

THE LIGHTERAGE AND FLOATAGE SERVICE.

When freight consigned to points in Manhattan or Brooklyn arrives at the terminals of the rail carriers on the New Jersey shore the cars are placed in holding yards to await orders. When proper instructions are received they are moved out of the holding yards for delivery to piers or float bridges, from which the shipments are transported by lighters or the cars themselves by car floats to points on the other side of the harbor. "Lighters," which are small boats somewhat similar to ordinary barges, are used for transferring commodities from place to place in the harbor. Some of them are self-propelled, but most of them must be towed. Car floats, larger vessels with flat decks upon which railroad tracks are laid, are used in transporting loaded and empty cars between the railroad terminals on the Jersey shore and railroad stations or private stations in other parts of the port. Their capacity is usually from 10 to 16 cars, and they are towed by tugs. Cars are transferred from the carrier's rails to the car floats by means of "float bridges," which are also equipped with rails. It is said that the trunk lines operate 1,400 boats in the lighterage and floatage service and that 600 more are employed by independent companies. There are 96 float bridges in the harbor.

Whether a lighter or a car float shall be employed in transferring a shipment from one side of the harbor to the other depends upon the nature and volume of the shipment and upon the kind of delivery desired. At numerous points along the shore, and particularly on the western side of Manhattan Island, the carriers maintain "pier

stations," which are large covered piers used for the receipt and delivery of freight. Both lighters and car floats may receive or discharge their cargo at these stations. The piers are usually divided into numbered or lettered sections, with a driveway along the center for the accommodation of trucks which come to the piers in great numbers daily to receive and discharge freight. The shipments are placed on the pier and held there, subject to rules and regulations as to storage, until called for by the consignees or their agents. The so-called auxiliary terminal companies on the Brooklyn shore are also provided with piers for the accommodation of lighters and car floats, and they also haul their own floating equipment. In addition to these pier stations are piers or bulkheads, comparatively few in number, which are owned or leased by private concerns.

When freight is consigned to a private pier it is usually necessary to employ a lighter, because there is not a sufficient quantity of freight to warrant the use of a car float, the carriers requiring a minimum load of six cars for their car floats. At the railroad pier stations cars and lighters are usually loaded and unloaded by the carriers without extra charge; at private piers the loading or unloading is done by the shipper or consignee, but he receives from the carrier for that service an allowance of 12 cents per ton, minimum $2 per car.

With respect to export freight the practice is similar to that already described, except that the shipments are transferred to a vessel rather than to a pier station. The carriers' rates usually apply to ship side, making it obligatory upon them to deliver the shipments to the vessel's sling or to the pier at which it is lying. Less-than-carload export shipments are usually floated to the carriers' pier stations, from which they are drayed by shippers to the steamer's dock; except that in the case of through billing this transfer service is performed by the railroads or by their agents. Import freight is usually carried in lighters directly from the vessel to the pier stations or terminals of the rail lines.

With certain exceptions, which will be referred to later in this report, the trunk lines perform the lighterage and floatage service to or from any point within the "lighterage limits" without imposing any charge in addition to the line-haul rate. The area within the lighterage limits, which are indicated on the map, *ante*, facing page 650, may be described roughly as extending along the New Jersey shore from Bayonne to Fort Lee; along the west side of Manhattan Island from One hundred and thirty-fifth street to "the Battery"; on the east side of Manhattan from "the Battery" to One hundred and fifty-fifth street, Harlem River; on the Brooklyn shore from Astoria to Bay Ridge; and on Staten Island from Arlington to Clifton.

THE COST OF THE TERMINAL SERVICE.

Because of the peculiarity and the unusual complexity of the terminal operations at the port of New York it is difficult, if not impossible, to arrive at an accurate determination of the cost of transferring freight across the harbor in lighters and car floats, or to compare it with the cost of effecting delivery in New Jersey. A large part of the record in the present proceeding has been devoted to this question, however, and a brief résumé of the evidence will perhaps give a fairly satisfactory idea of the nature of the transfer service and of the cost which it involves.

The principal witness testifying for the complainants with respect to the cost of lighterage and floatage had been employed for more than six years as terminal and lighterage agent of the Delaware, Lackawanna & Western Railroad at New York, and also as general manager of the Harlem Transfer, a subsidiary of that company. In these capacities he was afforded an excellent opportunity for studying the terminal conditions at the port, including the operation of lighters and car floats. Before proceeding to an analysis of the cost figures introduced by him, it is proper to observe that his estimates are most general in character, that his figures were not scientifically compiled, and that they represent merely his best judgment as to the cost of the various operations. He conceded that in compiling his cost figures he had given no consideration to the investment which the carriers had made in their terminal facilities, although that item is obviously important, or to the matters of insurance, taxes, maintenance, or depreciation. His estimates seem to have been based in large part on what he designates the "pay roll cost," but even this seems to have been nothing more than his best estimate of the cost of labor, derived from his general familiarity with the pay rolls, rather than from a careful study or analysis of labor costs. Under these circumstances the estimates of this witness are not particularly helpful, but they are supported in a general way by other evidence of record and they will be briefly summarized.

With respect to the handling of less-than-carload shipments eastbound the estimates are as follows, the figures showing the cost per ton, and the estimates being based on an average loading of 10 tons: (1) Consolidating shipments at classification yard on New Jersey meadows, 30 cents; movement of car from transfer platform in meadows yard to float-bridge yard at Jersey City, 15 cents; switching car to float bridge and floating to pier station, 70 cents; unloading and classifying at pier station, 55 cents; rechecking and repiling on pier and delivering to truck, 10 cents; total, $1.80.

The cost of handling a 20-ton carload of eastbound freight is given as follows: Moving car from meadows yard to float-bridge classifica-

tion yard, 10 cents; classifying, loading on car float, and floating to pier station, 70 cents; unloading from car float to pier, rechecking, and delivering to truck, 45 cents; total, $1.25.

In the same manner it is estimated that it costs $1.07 per ton to handle westbound lighterage freight in carload quantities, the cost of the initial delivery to the lighter being 17 cents, and the cost of floating the shipment to Jersey City and placing it in a car at that point being 90 cents. By a similar process it is estimated that it costs $1.47 per ton to transfer westbound less-than-carload freight from the piers in New York to the classification yards in New Jersey.

The fact that the above estimates include no allowance for the cost of the property investment is of particular significance in view of the unusual expense of the terminal properties and the facilities employed in the lighterage and floatage service. The terminal property on the shores of Manhattan and New Jersey is of great value. The cost of the floating equipment is approximately as follows: Steam lighters, $55,000 each; barges and ordinary lighters, $10,000; steam hoisting barges, $8,000; car floats, $40,000 to $60,000; tugs, $25,000 to $125,000; and float bridges, $35,000.

In determining the cost of the terminal service consideration should be given to the time employed and to the delays encountered. We shall discuss later in this report the propriety of the defendants' practice of allowing five days' free time at Jersey City on shipments consigned to "New York lighterage." An additional period of two days, and in some instances three days, is allowed after the car reaches Manhattan or Brooklyn, making a total free time of seven or eight days on all this traffic. After orders are received to forward a car from the classification yard in New Jersey to a specified point within the lighterage limits, it usually requires two days to effect delivery. An additional period of two days is required for unloading the car, and still another period of two days to return it to the yards in New Jersey. The floating equipment is often delayed, and we are told that lighters and barges frequently lie at piers for more than five days waiting for an opportunity to load or unload.

In *Lighterage and Storage Regulations at New York*, 35 I. C. C., 47, exhibits were submitted showing the average cost to six trunk lines in 1913 of handling all lighterage freight at the port of New York, and the parties to the present proceeding have agreed that that evidence may be considered a part of the record in this case. A summary was made showing, first, the cost of the lighterage service to the Lehigh Valley Railroad; second, the total cost obtained by taking in each instance the lowest figure given by any of the six lines; and, third, the total cost obtained by using in each instance the highest figure given by any line. The summary follows.

Cost of lighterage, in cents per ton.

	L. V. R. R.	Lowest.	Highest.
Handling from cars to piers in New Jersey	11.6	12.0	15.1
Handling from piers to lighters	15.6	12.0	18.0
Maintenance of vessels	16.6	.....	.....
Operation of vessels	30.4	[1] 34.9	70.0
Discharge from lighters	11.6	9.5	14.3
Total	85.8	68.4	117.4

[1] Does not include maintenance or depreciation.

The defendants agree that these figures "may be taken as fair illustrations of the lighterage cost at New York during 1913." It will be noted that the figures do not include any provision for the cost of moving cars from the general classification yards to the piers, although that must be considered a part of the terminal operation.[1]

The president of the Bush Terminal Company submitted figures showing the cost per ton of freight of that company's floatage and lighterage operations in 1916. The cost of floatage, including the service performed by the terminal railroad on the Brooklyn shore, but excluding the switching service performed by the trunk lines on the New Jersey shore, was approximately 75 cents per ton. The actual cost of the lighterage service for four months in 1916 was $1.08 per ton. It is the opinion of the president of the Bush Terminal Company that the cost to the railroads of performing the lighterage and floatage service exceeds the cost to his company.

To show that the cost of delivering freight in New Jersey is much less than the cost of carrying it in lighters or on car floats to Manhattan and Brooklyn the complainants introduced exhibits and testimony purporting to show that the deliveries in New Jersey are simple and relatively inexpensive. One of the exhibits shows a "repre-

[1] As further indicating the expense incurred in the lighterage service the complainants have filed in the record a copy of an address made one year ago by the manager of the marine equipment of the Central Railroad of New Jersey. The following is an extract from that address:

"Although the price of boat construction, wages, repairs, supplies, and every other kind of expense incidental to the operation, has increased from decade to decade, there has been no increase in the allowance to the terminal roads for performing the lighterage service in New York harbor, with the result that the railroad companies are lightering an enormous tonnage for the public at an actual cash loss.

"For illustration, the lighterage limits originally ended at Sixty-third street, East River, but have been extended * * * to One hundred and fifty-fifth street and Harlem River. The total lighterage revenue the railroad company receives for the delivery of, say, a car of 80,000 pounds, from their terminal to points in the Harlem River, amounts to only $24; the towing from the Jersey terminals to the Harlem River point and back costs $35, to which must be added the wages of the crew, insurance on cargo, wharfage, stevedoring, the use of the boat, etc., or an aggregate expense showing conclusively that in nearly every instance the cost of making a free lighterage delivery in such zones will amount to more than the railroad company in many instances will receive for the haul from the initial point to the point of delivery."

sentative list of various industries having private sidings along the Pennsylvania Railroad in interior New Jersey and the distances from the Pennsylvania Railroad freight yards." The average distance from the freight yards to the 104 private sidings shown on the exhibit is 0.37 miles.

The exhibit is subject to criticism for several reasons. In the first place the sidings shown are located in Newark, Elizabeth, Rahway, Woodbridge, New Brunswick, Princeton, and Trenton, interior New Jersey points, where the cost of delivery must be less than in the congested district along the shore at Jersey City and Hoboken. In the second place the witness who introduced the exhibit admitted that the distances shown do not necessarily represent the actual switching distance, because he was not familiar with the actual movement of the car in most instances from freight yard to siding. The distances shown on the statement were taken from an official list of yards and sidings published by the transportation department of the railroad, and although their accuracy has not been questioned, they do not necessarily represent the actual switching distance. Without dwelling upon the value of this exhibit it may be said with confidence that the cost of delivering freight at interior points in New Jersey, such as Trenton, Elizabeth, and Paterson, does not exceed the average cost of effecting such delivery in other parts of the country where team tracks and industrial sidings are used for that purpose. We must accept as sound the complainants' contention that the deliveries at the interior Jersey points are relatively simple and inexpensive and that the deliveries in New York harbor are peculiar in nature and unusually expensive.

It has already been explained that all freight arriving at the New Jersey shore from the west first goes to general classification yards to be classified for the various deliveries. Some of these yards, such as those of the West Shore and the Central of New Jersey, are located at or near the water front, while others, like those of the Pennsylvania and the Lackawanna, are several miles inland. To determine the cost of delivering freight at stations in New Jersey on the one hand, and in Manhattan and Brooklyn on the other, it would seem proper to take the general classification yard as the starting point and compare the service from that point to the various points of delivery. Unfortunately, such comparisons of cost are not shown of record with even approximate accuracy, and we must content ourselves with general comparisons of the different services.

The exhibit previously referred to, purporting to show that the terminal service performed on New Jersey traffic consists simply of a switching movement of slightly more than one-third of a mile,

though properly to be accepted as generally indicative of the nature of the deliveries at the interior points, overlooks several important considerations, which are enumerated substantially as follows in the brief filed on behalf of the city of New York, intervener: (1) The fact that the lighterage and floatage service must be performed on certain traffic to and from points in New Jersey and on Staten Island; (2) that the New York zone rate applies to a large area in New Jersey, and that the tariffs provide in many instances for delivery at the terminals of several carriers, necessitating a terminal service by no means simple or inexpensive; (3) the terminal service performed by independent terminal companies and switching roads in New Jersey involves an additional expense to the carriers; and (4) the actual length of the switching movement in New Jersey is in many instances much greater than the evidence introduced by the complainants would indicate. Each of these points will be briefly discussed.

The lighterage limits at the port of New York, previously defined, include points along the New Jersey shore from Bayonne to Fort Lee, a distance of approximately 15 miles. All the trunk lines deliver freight by lighter to the industries along the New Jersey shore within those limits without assessing any charge in addition to the New York rate. The terminal of the Brooklyn Eastern District Terminal at the foot of Warren street in Jersey City is reached by car floats and lighters. Many points on Staten Island are within the lighterage limits, and although the Baltimore & Ohio is the only carrier reaching Staten Island with its own rails, the New York zone rates are extended by all the trunk lines to stations on the Staten Island Rapid Transit Railway, which extends the whole length of the island. The West Shore Railroad, for example, applies the New York rates to 33 stations on the line of the Staten Island Rapid Transit, although the West Shore can reach Staten Island only by lighter or car float from Weehawken, several miles distant. It is insisted by the complainants and admitted by the defendants that Staten Island is entitled to the same rates as northern New Jersey.

In several instances the tariffs of the trunk lines provide for the application of the New York zone rates to and from points on the lines of their competitors at Jersey City or Hoboken, and the switching charge of the terminal carrier is usually absorbed by the carrier performing the line haul. The West Shore, for example, applies the New York rates to and from points on the Erie several miles distant from its general classification yard at Weehawken. A switching charge of $10 per car published by the Erie is absorbed by the West Shore on both competitive and noncompetitive traffic. Practically

the same arrangement, except as to the amount of the switching charge, exists between the West Shore and the Pennsylvania. These absorptions should obviously be considered in comparing the expense of delivery in New Jersey with that incurred in New York.

We have already referred to the fact that freight is carried to and from the Warren street station of the Brooklyn Eastern District Terminal by lighters and car floats. That terminal is within the lighterage limits, and takes the New York rates. For its service in lightering or floating freight between the railroad terminals on the New Jersey shore and its Warren street station the terminal company receives the same allowances as all of the auxiliary terminal companies receive on Brooklyn traffic. The trunk lines also make allowances in some instances to the Hoboken Shore Road, a small privately owned switching railroad at Hoboken. The amount of the allowances is not disclosed by the evidence.

The distances from the general classification yards to points of delivery in New Jersey are in many instances greatly in excess of the average distance of 0.37 miles shown on the exhibit previously mentioned. The West Shore, for example, has its classification yard at Weehawken. We have already observed that it applies the New York rates to stations on the line of the Erie Railroad near the New Jersey shore, absorbing the switching charges published by the latter carrier. Some of the stations in question are located several miles from the Weehawken yard. The West Shore also applies the New York rates to points on the National Docks Railway, a part of the Lehigh Valley Railroad, shown on the map, *ante*, facing page 650. The various points on the National Docks Railway taking the New York rates are shown in the tariffs, as are also the names of the various industries on the line of that carrier in Jersey City, Bayonne, and Constable Hook.[1] Traffic consigned to these points is hauled by the West Shore from Weehawken over the line of the New Jersey Junction Railroad, a subsidiary line connecting with the National Docks Railway at National Junction, Jersey City, thence to destination. The distance from Weehawken to National Junction is 4.31 miles. The distance from National Junction to the Eagle Oil Refinery, one of the industries of the National Docks Railway, is 3 miles; to East Forty-ninth Street, Bayonne, 5 miles; and to Constable Hook, 7 miles. The total length of the terminal movement from Weehawken to the points of delivery above named is therefore from 7.31 to 11.31 miles. It can not be said with confidence that the cost of this terminal service is less than the cost of floating a car from the Weehawken shore to Brooklyn and effecting delivery there.

[1] A portion of the tariff referred to, Carl Howe, agent, I. C. C. No. 2, is shown in Appendix F.

The Lehigh Valley Railroad also delivers carload freight at the New York rate to numerous points along the New Jersey shore, and although the record does not show clearly the location of its general classification yard, or the actual length of the various switching movements, a general idea of the nature of the service may be gained from an examination of the tariff, which provides that "freight in carload lots consigned to New York harbor or Jersey City, N. J., 'lighterage free,' when not otherwise restricted, may be forwarded without additional charge" to the following points in New Jersey: Claremont yard, Constable Hook, Greenville, Avenue D, Hoboken Manufacturers' Railroad (the "Hoboken Shore Road" previously referred to), and eight stations in Jersey City, including the Warren street station of the Brooklyn Eastern District Terminal. A casual examination of several of the maps filed of record shows that these stations are in some instances several miles apart. A car moving from the Lehigh Valley terminal to a point on the Hoboken Shore Road, for example, must move over the West Shore (New Jersey Junction Railroad) tracks and a short distance over the tracks of the Erie before it reaches the line of the terminal carrier.

The complainants raise two objections to the consideration of these items of delivery cost in New Jersey. Their first point is that due consideration should be given to the fact that these relatively expensive deliveries are confined to a narrow territory adjacent to the harbor; and that at interior points in New Jersey, such as Paterson and Trenton, the deliveries are simple and comparatively inexpensive. The point is well taken, but we fail to see that it destroys the force of the contention that in some instances the New Jersey deliveries are far from simple. In dealing with other aspects of the case before us we are asked by the complainants to consider the northern part of the state of New Jersey as a whole. Not even the complainants contend that the rates to Trenton and Paterson should be lower than those to Jersey City and Hoboken; on the contrary they contend that all these points should be embraced, as they now are, in the same rate group. That being true, it is clearly proper, in comparing the delivery cost in New Jersey with that in New York harbor, to take into consideration the nature and expense of delivery in all parts of northern New Jersey; and if it be true, as the record shows it to be, that the delivery of freight in Jersey City and Hoboken is in some instances relatively expensive, involving an absorption by the trunk lines of switching charges amounting to $10 per car, that fact is entitled to due weight in determining the merit of the complainants' contention that the New Jersey rates should be lower solely because of the lower cost of delivering freight in New Jersey.

The complainants' second objection to the consideration of the cost of delivery at Jersey City and Hoboken is that the absorption by the trunk lines of the switching charges of other carriers is simply a competitive measure. If the West Shore, for example, desires to compete with the Erie for traffic originating on the Erie's rails at Jersey City, and is willing to absorb the Erie's switching charge of $10 per car, it is said that this is merely a matter of policy on the part of the West Shore, and should not be taken as indicative of the cost of delivery in New Jersey. This contention is not without merit, but it overlooks the important fact that the lighterage charges for harbor delivery are likewise absorbed for competitive reasons. It seems not improper, therefore, to compare the one kind of delivery with the other; and this is true in spite of the complainants' contention that New Jersey has an advantage in that it is served in all instances by direct rail routes from the west, whereas points in Brooklyn, for example, can not be reached without the employment of lighters or car floats. In *Lighterage and Storage Regulations at New York*, *supra*, at page 52, we said, in effect, that the lighters and car floats may properly be regarded in a sense as merely an extension of the rails of the trunk lines from Jersey City to Manhattan and Brooklyn, a thought that emphasizes the impropriety of according lower rates to the New Jersey cities solely because lighters and car floats are not usually employed in effecting delivery there. In this connection it is interesting to note that the floatage absorption on a 30,000-pound car, based on a payment of 3.2 cents to a terminal company, amounts to $9.60, slightly less than the $10 switching charge mentioned above; and in discussing the complainants' contention that the inclusion of northern New Jersey in the New York rate group prejudices the New Jersey shippers by requiring them, in effect, to pay for a lighterage service not performed for them, the defendants ask us not to overlook the fact that the cost of lighterage and floatage is borne in nearly every instance by them, and not by the shippers on whose behalf the complaint was filed.

It is deemed unnecessary for the purposes of this report to dwell at greater length upon the nature of the terminal service on the New Jersey shore. It is proper to add, however, that in the portion of New Jersey in which the terminals of these carriers are located real estate values are high. In Hoboken, Jersey City, and Bayonne the defendants' tracks must cross the city streets, or traverse them on elevated structures. That this presents a real problem to the carriers is attested by the evidence of one of the commissioners of Jersey City, who told of the danger of having the railroad crossings at street grade; and although a state statute requires that each carrier elevate a certain portion of its tracks each year this can be done only at great expense. The defendants show that the assessed value of

their several terminals, claimed by a witness for the complainants to be less than their actual value, is as follows:

Delaware, Lackawanna & Western	$10,717,589
Lehigh Valley	7,030,126
West Shore and New Jersey Junction	10,791,257
Erie	12,369,386
Central Railroad of New Jersey	12,503,069
Pennsylvania	18,520,688

These terminal properties are used on practically all New York traffic and to a much less extent on New Jersey traffic. The defendants and the interveners call our attention to the fact that the lighters and car floats move over the waters of the harbor without investment expense to the carriers, without expense for maintenance of way, and without encountering the difficulties of operation experienced by railroads in congested districts.

From a general comparison of the services rendered in each instance it would seem to appear that the cost of delivery at interior points in New Jersey is decidedly less than the average cost of effecting delivery in New York harbor, and that the cost of delivering a car in Jersey City, Hoboken, or Bayonne is sometimes less and sometimes greater than the cost of harbor delivery.

The nature and cost of the lighterage and floatage service will be further considered later in this report in connection with the allowances paid by the trunk lines to the private terminal companies.

EXPORT AND IMPORT RATES AND PORT DIFFERENTIALS.

The complaint in this proceeding is comprehensive in character, apparently bringing into issue the reasonableness and the propriety of all the "rates" maintained by the defendants for the transportation of property between points in the west and the two sides of the port of New York. Throughout the hearing it was the understanding of the parties that the reasonableness and the propriety not only of the domestic rates but of the export and import rates were in issue. Representatives of Boston, Philadelphia, and Baltimore took an active part in the hearing, and it was apparent that they were primarily interested in the export rates, especially those on export grain, their contention being that the establishment of rates to Jersey City on the basis suggested by the complainants would seriously disturb the long-established relationship in the rates to the various ports and give to the western part of the port of New York such an advantage with respect to export and import traffic that the interests of competing ports would be seriously prejudiced. Witnesses were examined at length concerning the export and import rates, the volume of exports and imports through the various ports, and the history of the adjustment of export and import rates; and numerous

pertinent exhibits were filed. Late on the last day of the hearing the complainants announced that neither the export nor import rates were in issue and that complainants seek relief only with respect to the domestic rates.

Whether this announcement was, as the complainants state, merely an explanation of a position consistently maintained throughout the proceeding, or whether, as contended by the defendants and the interveners, it had the effect of suddenly narrowing the issues, its importance is obvious. We have already observed that all but six of the steamship lines now engaged in the foreign trade sail from the New York side of the port; and, although nearly all of the enormous export tonnage moving through the port of New York is carried across the harbor in lighters or car floats, the complainants concede that it would be inadvisable to apply lower export rates from one side of the port than from the other. We take the following from complainants' brief:

> It would be entirely practicable and altogether logical for the defendants, in the event that they are required to establish a lower basis of rates to the Jersey cities than to New York, to continue to maintain one line of export and import rates to and from New York harbor. The rates might be the same as the New York rates, or midway between the New York and New Jersey rates, or at any other reasonable point that the carriers saw fit to fix them.

The defendants and the interveners contend, however, that the complainants' announcement does not materially alter the aspect of the case from their point of view, because even a change in the domestic rates would seriously disturb the prevailing relationship between the several ports, and inasmuch as a large portion of the export traffic moves to the seaboard on domestic rates, the export business would necessarily be affected by a change in the domestic rates. During the period of one month in the summer of 1916 the inbound freight received at the New York harbor terminals of the several trunk lines aggregated 2,519,969 tons, of which 1,141,947 tons were for export. Of the export tonnage 73.2 per cent moved on special export rates and 26.8 per cent on domestic rates. Special export rates, lower than the corresponding domestic rates, have been published on only a comparatively few commodities, notably grain and its products, iron and steel articles, and agricultural implements; and the interveners direct our attention to the fact that the defendants are endeavoring to reduce gradually the number of commodities upon which the special export rates are published.

The competition between carriers which resulted ultimately in the adoption of the so-called port differentials began soon after the middle of the last century. The New York Central and its connections opened the first through route from New York to Chicago in 1852, and through rates were first published in 1857. At that time

the New York Central was the only carrier reaching New York harbor with its own rails, but the Baltimore & Ohio participated to a certain extent in the New York traffic by means of a boat line from Baltimore. The Erie Railroad reached Jersey City in 1862, the Pennsylvania in 1866 or 1867, and the Delaware, Lackawanna & Western in 1869. The lines of the Pennsylvania system were extended to Chicago in 1858, those of the Erie several years later, and the Baltimore & Ohio reached Chicago for the first time in 1874.

The establishment of through routes by these carriers between New York and Chicago marked the beginning of a period of intense rivalry between them which is without a parallel in the history of American transportation. Grain, which is said to have constituted 73 per cent of the total tonnage carried by the trunk lines to the principal Atlantic ports in 1881, was the traffic most desired by each of the carriers. The principal terminals of the New York Central, the Lackawanna, and the Erie were at the port of New York, those of the Pennsylvania at Philadelphia, and those of the Baltimore & Ohio at Baltimore; and each carrier exerted every possible effort to have the export traffic move through the port in which it was primarily interested. Thus it came about that the competition between carriers became in turn a competition between ports. That the rivalry is as yet unabated is abundantly attested by the evidence of record in the proceeding now before us.

The rate war resulting from the struggle between the trunk lines for supremacy was so severe as to make it apparent that its continuance would bankrupt all of the carriers, and steps were soon taken toward the establishment of a rate adjustment that would be satisfactory to all concerned. In 1877 a written agreement was signed by the New York Central, the Erie, the Pennsylvania, and the Baltimore & Ohio, the preamble of which stated that its object was—

> to avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the cities of Baltimore, Philadelphia, and New York, as affected by rail and ocean transportation, and with a view to effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the west and southwest and all domestic or foreign ports reached through the above cities.

The agreement provided that export rates to Boston should be no higher than those to New York; that the rates to Philadelphia should be 2 cents lower than those to New York; and that the rates to Baltimore should be 3 cents lower than to New York.

The question as to the propriety of the general rate adjustment established in conformity with the provisions of this agreement was presented to the Commission for determination in 1898, when

the New York Produce Exchange filed a complaint alleging that the port "differentials" gave an undue preference to Boston, Philadelphia, and Baltimore, to the undue prejudice and disadvantage of New York. *New York Produce Exchange* v. *Baltimore & O. R. Co.*, 7 I. C. C., 612. We held, after a careful review of the evidence submitted by the carriers and on behalf of the several ports, that the differentials in question were not unlawful, and we refused to disturb them. In 1904 the Commission was requested by commercial organizations of Boston, New York, Philadelphia, and Baltimore to investigate "the whole subject of differential rates to and from these four cities, and determine whether the present differentials should be abolished, or, if retained, modified." Such an inquiry was instituted on April 11, 1904, and the whole subject was again exhaustively considered. Evidence was submitted showing the advantages and disadvantages of the various routes and of the location of the several ports; the history of the competition between the trunk lines was reviewed; consideration was given to the volume of exports moving through each of the ports and to the rates maintained by the steamship lines; in short, the whole situation was carefully canvassed. Again we held that the differentials established by virtue of the agreement of 1877 should remain in force, but certain important modifications were made in the rates on grain and grain products. *In the Matter of Differential Rates*, 11 I. C. C., 13. In 1911 the Chamber of Commerce of the state of New York filed a complaint alleging that "the defendants maintain rates, charges, differentials, rules, and regulations to and from the city and port of New York which are unjust and unreasonable in themselves, and relatively so as compared with competitive ports, more particularly Philadelphia, Baltimore, Newport News, Norfolk, and Boston"; and again the whole subject of the port differentials was thoroughly reviewed. We made certain modifications in the differentials on grain, but again we refused to change the general scheme of differentials adopted by the agreement of 1877. *Chamber of Commerce of N. Y.* v. *N. Y. C. & H. R. R. R. Co.*, 24 I. C. C., 55.

It is important to observe that although the differential adjustment had its origin in the competition of the trunk lines for export traffic, the domestic rates to New York, Philadelphia, and Baltimore and points taking the same rates, were soon established upon the same basis as that provided for the export rates in the agreement of 1877. As early as 1882, if not before that date, the domestic class and commodity rates to Philadelphia were lower by 2 cents per 100 pounds than the corresponding rates to New York, and the rates to Baltimore were made 3 cents lower than New York. In other words,

in the establishment of the rates on all domestic traffic from points in the west to points in the New York, Philadelphia, and Baltimore rate groups the same recognition was accorded to the differentials as in the construction of the export rates.

In the second case above cited we said:

> These differentials have undoubtedly been established in the past with a view almost entirely to their influence upon the movement of export business. It is, however, of importance that rates between these cities and the west should be fairly adjusted with respect to domestic traffic. If the supplies with which the artisans of Baltimore work and upon which the population of Baltimore lives are transported for a less cost from the west to Baltimore while the products of its factories are sent back at a less cost to be consumed in the west, this would be an important element making for the prosperity of that locality as compared with other localities where the cost of transportation was more. Now, if there had been no export business in the past, if these domestic rates had been adjusted solely with a view to what was right between the communities, it is altogether probable that the differentials in favor of Baltimore and Philadelphia would have been even greater than they are to-day.

This observation is pertinent in view of the complainants' contention that the port differentials, having had their origin solely in competition between the trunk lines for export traffic, should not be considered controlling in the determination of domestic rates. The relief suggested by the complainants at the opening of the hearing is that the northern part of the state of New Jersey be placed "substantially upon the Philadelphia basis of rates." Not only would the granting of this relief completely wipe out the differential which at present exists between Philadelphia and northern New Jersey, but it would necessarily disturb the relationship between the rates to points in northern New Jersey and those to Baltimore. On behalf of the Philadelphia interests it is insisted that many industries have located in Philadelphia for the very reason that the rates to and from that point are lower than the rates to and from points in the New York rate group; and we are warned that if the relief sought by the complainants is granted the Philadelphia interests will immediately demand not only the restoration of the present differential but one which will more nearly reflect Philadelphia's advantages. The same position is taken by Baltimore, which contends that its advantage in rates over New York must necessarily be increased if due recognition is given to transportation costs in the construction of rates.

The defendants express of record their apprehension that a reduction in the domestic rates to points on the New Jersey shore would induce shippers to ship export traffic to those points on the domestic rates; a consideration which the complainants deem of little importance in view of the fact that it would be incumbent upon the

shipper to provide for lighterage or drayage to ship side, and the fact that the free time allowed in connection with the domestic rates would hardly be adequate for export shipments. The complainants call attention to the fact that the trunk lines have not at all times been in accord as to the propriety or the amount of the port differentials, and that quite recently several of the lines reaching New York harbor have expressed the view that the rates should be the same to all the ports, an attitude apparently inconsistent with the contention they now advance, that it would be inadvisable to disturb a rate structure which has existed for years.

THE RATES ON GRAIN FOR EXPORT.

We have just observed that certain commercial interests of the cities of Philadelphia and Baltimore intervened in this proceeding primarily for the purpose of opposing a disturbance of the export rates on grain, and a large part of the record deals with those rates. The complainants having expressly disclaimed any intention of challenging in this proceeding the propriety of any of the export rates, the interest of these interveners is less direct than it would have been otherwise. The following table shows the reshipping export rates and the domestic rates on the various kinds of grain from Chicago to the principal Atlantic ports:

Reshipping rates on grain, in cents per 100 pounds.

From Chicago, Ill., to—	Domestic.	Export.
Boston, Mass	18.8	15.3
New York, N. Y	16.8	15.3
Philadelphia, Pa	14.8	14.3
Baltimore, Md	13.8	13.8

It will be noted that the usual port differentials are observed in constructing domestic rates to New York, Philadelphia, and Baltimore. The export rate to Baltimore was increased from 12.5 cents to 13.8 cents, the domestic basis, on March 12, 1917, when the rates to the other ports were increased by the same amount. It is this tendency on the part of the carriers to bring their export rates more nearly to the domestic basis that prompts the interveners to insist that even the domestic rate can not be changed without affecting the export traffic. It will be observed, for example, that to reduce the domestic rate to Jersey City to the Philadelphia basis, as sought by the complainants, would make the domestic rate to Jersey City lower than the export rate to New York.

In 1916 approximately 60 per cent of the grain received at Philadelphia was ex lake grain. The following table shows the rates on

ex lake grain from Buffalo, N. Y., to the several ports, in cents per bushel:

Rates on ex lake grain, in cents per bushel.

From Buffalo, N. Y., to—	Wheat.	Corn.	Oats.	Rye.	Barley.
Boston, Mass.:					
Domestic	8.4	7.9	4.7	8.1	6.8
Export	6.6	5.3	3.9	6.1	5.2
New York, N. Y.:					
Domestic	6.8	5.5	4.2	6.3	5.5
Export	6.6	5.3	3.9	6.1	5.2
Philadelphia, Pa.:					
Domestic	6.8	5.5	3.95	6.3	5.5
Export	6.3	5	3.7	5.8	5
Baltimore, Md.:					
Domestic	6.8	5.5	3.95	6.3	5.5
Export	6.3	5	3.7	5.8	5

It will be observed that the domestic rates on ex lake wheat, corn, rye, and barley are the same to Baltimore and Philadelphia as to New York. Philadelphia's advantage over New York on export wheat, corn, and rye is only 0.3 of 1 cent per bushel and 0.2 of 1 cent on oats and barley. The Philadelphia dealers point out that even this small advantage practically disappears when the charges for elevation are considered. At New York grain is loaded direct from elevator to vessel by the Lehigh Valley, the Erie, and the West Shore at a charge of one-half cent per bushel. At Philadelphia the charge is three-fourths cent per bushel. A difference of one-fourth cent per bushel seems almost negligible, but it must be remembered that the movement of grain is determined by very slight differences in rates; and the Philadelphia dealers remind us that one-fourth cent per bushel amounts to $500 on a cargo of 200,000 bushels.

Approximately 40 per cent of the grain exported through the port of New York is handled in lighters or barges from the terminals of the rail lines to the vessels, floating elevators being employed to load the cargo from lighter to vessel. This method of "indirect" loading, which is made necessary because of the failure of some of the trunk lines to provide facilities for the direct transfer of grain from elevator to vessel, involves an additional cost to the shipper of 0.4 of 1 cent per bushel, the charge for indirect loading being 0.9 of 1 cent per bushel.

As three of the largest grain elevators at the port of New York are located on the New Jersey side of the harbor any reduction in the export rates to the New Jersey points would be prejudicial to the interests of grain dealers at the other ports. The opposition of the Philadelphia and Baltimore dealers to any change in the rate adjustment which would result in more favorable rates on export grain to any part of the port of New York is explained in part by the figures shown in the following table:

Exports of grain, in bushels.

From—	1913	1914	1915	1916
Baltimore	46,857,881	51,451,422	90,171,602	120,357,686
New York	65,465,591	61,845,630	126,614,627	153,963,437
Philadelphia	22,266,757	22,661,802	44,585,632	49,836.575
Boston	26,239,646	16,555,340	16,695,447	33,274,441
Newport News	10,025,562	(1)	64,000,229	(2)

(1) Not reported. (2) Not yet received.

It is hardly necessary to observe that the grain dealers at the various ports are much less interested in the domestic rates on grain than in the export rates. This is attributable not only to the fact that the movement of grain to the ports for domestic consumption is relatively small, but to an important difference in the methods of selling export and domestic grain. Exporters and other grain dealers are usually interested primarily in having grain move through the port where their business is established, because the port will be an important grain market only to the extent of its receipts and exports of grain; and the success of the export business and the business of commission men depends to a large extent on the standing of the port as a grain market. On the other hand a jobber of grain at one port frequently sells domestic grain to buyers at other ports. If a jobber in Philadelphia sells domestic grain to a buyer in New York, the shipment would move to that point and the New York rate would apply. Because of this method of selling domestic grain the jobbers and other grain dealers are interested in obtaining favorable rates of freight to all points, and because their interests are not centered in a single market the maintenance of a fixed relationship in the domestic rates on grain is a matter of comparatively small importance to them. As one witness expressed it, the competition with respect to domestic grain is not so much between freight rates as between merchants.

THE NEW YORK CENTRAL RAILROAD.

One of the largest and strongest of the trunk lines serving the port of New York, the New York Central Railroad, reaches the heart of Manhattan Island with its own rails, and therefore avoids the payment of charges for lighterage and car floatage on such traffic as it delivers directly at its rail terminals in Manhattan. The complainants having taken the position that the rates to and from Manhattan and Brooklyn should be higher than the rates to and from the northern part of the state of New Jersey solely because of the additional expense for lighterage and floatage incurred by the trunk lines whose terminals are on the New Jersey shore, the question naturally arises as to what rates the New York Central would charge on its Manhattan traffic if the prayer of these complainants were

granted. If the first-class rate of 78.8 cents,[1] for example, were maintained by the New York Central from Chicago to Manhattan and if the Philadelphia rates of 76.8 cents were extended to Jersey City and Hoboken, the New York Central Railroad would be obliged either to maintain a higher rate to Manhattan than its competitors contemporaneously maintain to Jersey City, or to reduce its rates to Manhattan to the Philadelphia basis. If it should maintain higher rates to Manhattan than its competitors charged to points on the New Jersey shore, it would obviously make it more difficult for Manhattan shippers to compete with New Jersey shippers; and in view of the fact that the New York Central performs no lighterage service on a large part of its Manhattan traffic, it would doubtless experience difficulty in endeavoring to explain the advantage which shippers in New Jersey would derive from such an adjustment. If, on the other hand, it should reduce its rates to Manhattan to meet the lower rates to the New Jersey shore, it would not only reduce its revenues materially, but it would apply over its line to and from Manhattan lower rates than those maintained from Manhattan by the other trunk lines, a situation which could hardly endure.

Witnesses for the complainant were asked at the hearing for their suggestions as to the best plan for avoiding this difficulty. One of them, the president of the New Jersey State Board of Commerce and Navigation, expressed the view that if the New York Central Railroad should obtain an advantage over its competitors by reducing its rates to and from Manhattan, the trunk lines whose terminals are on the New Jersey side of the harbor could meet this competition "by pooling their interests and coming into New York either through a tunnel or by way of a bridge and connecting with the New York Central tracks coming down on the New York side as a union railroad proposition." When asked how the New Jersey lines could meet the competition of the New York Central if the two sides of the port were not physically connected by tunnel or bridge, the witness replied that he did not know, but he later admitted that competitive conditions would necessitate the publication of the same rates from New York by all the lines. Mr. Tompkins, whose testimony has already been referred to, agreed that the only solution of the problem is a direct physical connection between the two sides of the harbor, but it is his view that if this connection were effected the rates to and from Manhattan should be the same as the rates to and from the points in the northern part of the state of New Jersey.

The New York Central Railroad operates under lease the line of the West Shore Railroad, whose tracks extend along the west side of the Hudson River to Weehawken, from which point it transfers

[1] Rates referred to in this report are those in effect when the case was heard.

freight to other ports of the harbor by means of lighters and car floats. The position of the West Shore Railroad, therefore, is practically the same as that of the other trunk lines whose terminals are on the New Jersey side of the harbor. The New York Central handles through Weehawken substantially all export and import freight originating at or consigned to points west of Albany; substantially all freight to or from Brooklyn and Staten Island; and substantially all hay, flour, and lumber and other heavy commodities. A considerable part of the freight originating at or consigned to points on Manhattan Island is also handled through Weehawken. The total volume of freight handled over the line of the West Shore considerably exceeds the total amount carried by the New York Central on its line on the east side of the river. It is the custom of the New York Central Railroad to apply the same rates from Manhattan over its West Shore route through Weehawken as over its main line extending along the east bank of the Hudson River, and the two routes are used interchangeably whenever the carrier finds it convenient to do so. The New York Central's distance from Chicago to New York is 987 miles, 82 miles greater than the Pennsylvania's short-line distance. The distance over the West Shore is 966 miles.

Two witnesses for the complainants testified, in effect, that the facilities of the New York Central Railroad on Manhattan Island are limited, and that because of the inadequacy of its tracks and terminals the fact that it reaches Manhattan with its own rails should not be permitted to prevent the establishment of the rate adjustment which the complainants deem just and proper. The complainants further contend that the New York Central is unable to dominate the situation for the following reasons: (*a*) A very large part of the tonnage handled by the New York Central over its own rails on the east side of the river is delivered in Manhattan and Brooklyn by means of floats and lighters. Like the other trunk lines it owns and operates its floating equipment, and its extensive yard at Sixtieth street is devoted almost wholly to the handling of traffic between the rails and the boats. (*b*) On all traffic consigned to or from Manhattan and Brooklyn it would be unnecessary for the New York Central to reduce its rates even if complainants' prayer were granted, because the rates published by the New Jersey trunk lines to Manhattan and Brooklyn would remain on their present basis. (*c*) The position of the West Shore Railroad, which is leased and operated by the New York Central, is exactly the same, as far as lighterage and floatage are concerned, as that of the other lines whose terminals are on the New Jersey shore. (*d*) Because of its admittedly inadequate facilities and the congestion of its terminals the New York Central could not increase the tonnage which it handles even if it

should reduce its rates.[1] To meet this testimony the defendants have submitted evidence describing in some detail the facilities of the New York Central, the nature of its business, and the volume of freight which it handles.

The New York Central Railroad is one of the country's largest and strongest trunk lines. Either with its own rails or with those of other lines which it operates or controls it serves large parts of the states of Massachusetts, New York, Pennsylvania, Ohio, Indiana, Illinois, and Michigan. Although its principal route from New York to Chicago is somewhat longer than those of some of its competitors, it has an advantage in that its roadbed lies practically at water level throughout its whole course, whereas the lines of its competitors must cross a mountain range, encountering operating difficulties which are set forth in some detail in the record.

The main line of the New York Central extends along the east bank of the Hudson River and enters New York City on the west side of Manhattan Island. It runs along Riverside drive to Seventy-second street, where it has a freight terminal which extends as far south as Fifty-ninth street. From Fifty-ninth street to St. John's park, where it has another freight terminal, it runs through the streets of the city. The capacity of the Sixtieth street terminal is 3,000 cars, including certain tracks which are used for storage purposes. At or near this same terminal are six piers owned or leased by the company, with an area of 310,000 square feet, and a grain elevator with a capacity of 1,500,000 bushels. At Thirty-third street and Eleventh avenue is another terminal with a capacity of 1,427 cars; also two freight houses, four piers, and a storage warehouse.

The New York Central has an advantage over its competitors in that important markets have gradually developed in close proximity

[1] The inadequacy of the New York Central's facilities on Manhattan Island is discussed by the city's present dock commissioner in a recent article, as follows:

"The New York Central freight system as at present operated consists of a two-track main line some 15 miles in length. It enters the borough of Manhattan across a low drawbridge at the Harlem Ship Canal with a clearance so small that it must be opened for practically all traffic. The road extends along the shore of the Hudson River to an antiquated and inadequate yard in the Manhattan Valley which attempts to serve the large and growing commercial needs of the Harlem district of Manhattan. How wretchedly inadequate that service is is testified to by all of the commercial organizations in the upper part of Manhattan. The main line continues across the surface of streets in the Manhattan Valley, with dangerous grade crossings, and runs thence along the shore front of Riverside park to Seventy-second street. The nuisance which its operation has always been to the valuable adjoining property in the Riverside section is too well known to require discussion. * * * Between Seventy-second street and Fifty-ninth street the railroad maintains an extensive yard served by piers and float bridges. This yard is poorly arranged and completely outgrown, with resultant delay and inefficiency in the handling of freight. From Fifty-ninth street to Thirtieth street and between Thirtieth Street and Hudson and Varick streets the tracks run upon the public streets of the city, an intolerable condition from the standpoint of the public using the streets and almost completely destructive of efficient railroad operation. At Thirtieth street and at St. John's park the railroad maintains terminals which are equally as obsolete and outgrown as the Sixtieth street yard."

to its freight terminals on Manhattan Island. At its Thirty-third street terminal, for example, it has a warehouse with a capacity of approximately 200 cars, which is used exclusively for the delivery of hay. The larger hay dealers of the city have their places of business near this terminal. Hay is bought and sold in large quantities at this warehouse, and the Thirty-third street terminal is recognized as the principal hay market on Manhattan Island. Similarly, the New York Central's pier station at the foot of Barclay street has been recognized for many years as the apple market of New York City. Several other stations of this carrier in Manhattan are devoted to special uses. The competitive advantage which the New York Central derives from the favorable location of its terminals can not be disregarded in gauging the relative importance and influence of the several carriers serving New York harbor.

The importance of the New York Central Railroad as a factor in the general rate situation is attested by evidence showing the volume of freight which that carrier and the West Shore Railroad carry to and from New York harbor. During the calendar year 1916 those two carriers handled at their New York City stations 6,332,805 tons of freight. This figure includes only the tonnage handled at the stations of these carriers on Manhattan Island and therefore excludes all of the import and export traffic handled over the line of the West Shore Railroad through Weehawken. The figures are shown in greater detail in Appendix G. Of the total volume of freight, whether domestic, export, or import, moving between any part of New York harbor and points west of the western termini of the eastern trunk lines, the New York Central Railroad and the West Shore Railroad carry approximately 23.5 per cent.

Reference has been made briefly earlier in this report to the plans for the reconstruction and relocation of the tracks of the New York Central Railroad on the west side of Manhattan Island and for the enlargement of its piers and terminals, at a cost of over $50,000,000. The St. John's park terminal, whose capacity is 80 cars, will be abandoned. The new terminal, which will be known as South Terminal, will have a capacity of 244 cars. The capacity of the Thirty-third street terminal will be increased from 1,427 cars to 1,588 cars. The freight station at that point will consist of two stories instead of one, and certain tracks now used for the storage of traffic consigned to St. John's park will be used for other purposes. It is estimated that these alterations will increase the efficiency of the Thirty-third street terminal by 100 per cent. The capacity of the terminal at Sixtieth street will be increased from 2,294 cars to 2,686 cars, and there will be an increase

of 33 per cent in the area of the piers at that terminal. The capacity of the terminal at One hundred and thirtieth street, which is now 470 cars, will be increased to 1,000 cars. The operations of this carrier will also be facilitated by the elevation of its tracks below Sixtieth street, where serious delays are now caused by the operation at grade in a congested district.

That these improvements will add to the influence of the New York Central Railroad is beyond question; and it is safe to say that the strategic advantage which it already enjoys by reason of the favorable location of its terminals will be increased in proportion to the increase in its terminal facilities. It is proper to add, however, that the proposed plan of improvement has not had the final approval of the authorities, and it is probable that the inadequate facilities will have to suffice for several years more.

RECOGNITION BY CARRIERS OF COST OF TERMINAL SERVICE.

The complainants show that the defendants themselves recognize the additional cost of the lighterage and floatage service in several ways: (*a*) By deducting a terminal allowance of 3 cents per 100 pounds for that service before prorating with connecting lines; (*b*) by paying to the auxiliary terminal companies amounts varying from 3 cents to 4.4 cents per 100 pounds when they perform that service as agents of the trunk lines; (*c*) by refunding to shippers 3 cents per 100 pounds for draying certain commodities from the trunk line terminals on the New Jersey shore to Manhattan, in lieu of the lighterage service which the carrier would otherwise be obliged to perform; (*d*) by refusing to lighter or float certain commodities, requiring the shippers or consignees to provide at their own expense for their transfer across the harbor; (*e*) by maintaining lower rates from Jersey City and Hoboken to territory in New Jersey within a radius of 140 miles than the rates from Manhattan and Brooklyn; (*f*) by maintaining higher rates between points in southern New England and points in the northern part of the state of New Jersey than the rates contemporaneously maintained between the same New England points and New York; (*g*) by publishing certain commodity rates to Jersey City lower than the corresponding rates to New York; and (*h*) by their former practice of giving rebates to New Jersey shippers. We shall discuss these subjects in the order indicated.

TERMINAL DEDUCTION BY TRUNK LINES BEFORE PRORATING.

Several of the trunk lines insist that connecting carriers permit them to deduct before prorating joint rates the sum of 3 cents per 100 pounds for the lighterage and floatage service when they perform

it. Shipments consigned from points in the west to Manhattan or Brooklyn and moving, for example, over the New York Central's route through Weehawken, would be carried across the harbor by the floating equipment of that carrier. Before prorating the New York Central deducts 3 cents per 100 pounds, which it credits to itself for the terminal service. The shipper pays no extra charge for the service, the cost of performing it being absorbed by the carriers out of the New York rate.

The practice of the Pennsylvania Railroad in this respect differs from that of some of the other lines. That carrier deducts 3 cents per 100 pounds before prorating on all traffic moving between points in the west and points on its lines in the New York rate group, whether it performs the lighterage service or not. On shipments to Newark, N. J., for example, where no lighterage is necessary, the terminal deduction is made as well as on shipments to Brooklyn. In the case of the Pennsylvania Railroad, therefore, the terminal deduction is not intended to represent the cost of a particular terminal service, but is rather an arbitrary sum added to that company's division of joint rates. It is explained that it is by no means an unusual practice for a carrier that has a strategic advantage to demand of its connections a somewhat greater division than is ordinarily accorded, and this additional allowance is not infrequently in the form of an arbitrary sum deducted before prorating and added to the proportion of the carrier demanding it. This practice prevails at Philadelphia and Baltimore as well as at New York, the amount of the deduction being in each instance a matter of bargain between the carriers. The trunk lines serving the port of San Francisco uniformly deduct 5 cents per 100 pounds on transcontinental traffic before prorating with connecting carriers.

PAYMENTS TO AUXILIARY TERMINAL COMPANIES.

Reference has already been made to the fact that a large part of the lighterage and floatage of freight across New York harbor is performed by private terminal companies, acting in that capacity as agents for the trunk lines. These companies, whose terminals are on the Brooklyn shore, not only transport freight with their own floating equipment between their own terminals and those of the railroads but they collect freight charges and remit them to the rail carriers, and they assume all responsibility for loss and damage to the freight while it is in their possession.

On all traffic originating at or consigned to points west of the western termini of the eastern trunk lines except grain the auxiliary terminal companies are paid 4.4 cents per 100 pounds for the lighterage or floatage service which they perform. On traffic originating at or consigned to points east of the western termini the allowance is 3.2

cents. Prior to our supplemental decision in *The Five Per Cent Case*, 32 I. C. C., 325, the amounts paid to the terminal companies were 4.2 cents and 3 cents, respectively. On grain the allowance is uniformly 3.2 cents per 100 pounds. These allowances are in no instances paid by the shipper, the carriers uniformly absorbing them out of the New York rate.

The largest of the private terminal companies is the New York Dock Company, whose property, as previously stated, is located on the Brooklyn shore. The plant of this company really consists of three separate terminals, the largest of which is the Fulton terminal, immediately south of the Brooklyn bridge. The next in size is known as the Atlantic terminal, on Buttermilk channel, opposite Governors Island. The smallest, the Baltic terminal, is located between the other two. The general location of these terminals is shown on the map, *ante*, facing page 650.

Like the other private terminal companies to which reference has already been made, the New York Dock Company acts as agent for the trunk line railroads in lightering and floating freight between its terminals and those of the railroads on the New Jersey shore. Its terminals occupy more than 2½ miles of the Brooklyn shore front, of which approximately 2 miles are owned by the company. The whole water front occupied by the company is improved with piers and wharves, whose total length is 9.36 miles, and which afford a combined dock space of 2,680,333 square feet, or 16.5 acres. Railroad tracks are laid on some of the piers to provide for the convenient transfer of freight from cars to vessels. Affiliated with the terminal company, but separately incorporated, is the New York Dock Railway, whose 10.42 miles of track constitute an important part of the terminal facilities. The rolling stock of the railway company consists of seven switching engines and one derrick car. The floating equipment consists of 3 tugs, 1 steam lighter, 9 car floats, and 10 barges.

The service performed by the terminal company as agent for the trunk lines consists in transporting freight across the harbor from the railroad terminals on the New Jersey shore to its own terminal in Brooklyn, a distance of three or four miles, and effecting delivery in Brooklyn. The company sends its car floats, towed by a tug, to the railroad terminal, where they are tied to the railroad float bridge. The cars are run onto the float by the railroad's switch engines, and the car floats are towed back to Brooklyn, usually to the Fulton terminal in the first instance, where they are classified for the various deliveries. Cars intended for delivery at the Fulton terminal are removed from the floats by switch engines belonging to the terminal railway company. Cars for the Baltic and Atlantic terminals are loaded on other floats and towed to those terminals.

The terminal railway company hauls the cars to the desired point of delivery, some of them to the buildings of private industries, tenants of the terminal company, others to freight stations, and still others to team tracks. Less-than-carload freight for tenants of the terminal company is usually handled at the Baltic and Atlantic terminals, and less-than-carload freight for the general public at a freight house at the Baltic terminal. The terminal company collects the freight charges from the consignee and remits to the trunk lines.

The allowances of 3.2 cents and 4.4 cents previously referred to cover not only the lighterage and floatage but all the services of the terminal railway in effecting delivery at the various terminals. The terminal company states that in 1915 the actual expense of the service which it performed for the trunk lines exceeded by $38,000 the allowances received by the terminal company therefor, and that in 1916 the actual loss was $51,000. The terminal company owns and operates the terminal railway company, and the latter occupies land belonging to the former upon which it pays no taxes and for which it pays no rental. The terminal company estimates that if the railway company bore a fair part of the cost of operation, including an equitable proportion of overhead expenses, the loss from the floatage and railway service would approximate $200,000 annually; and contends that the present allowances would have to be practically doubled to insure a reasonable profit to the terminal company for the services rendered by it.

In addition to the lighterage and floatage service which they perform as agents for the trunk lines, the terminal company and the railway company own a number of industrial buildings, which they lease to tenants and which are served by the tracks of the railway company. They also own extensive warehouses, a number of freight stations, freight platforms, delivery and storage yards, team tracks, a grain elevator, and other equipment and facilities usually employed in an extensive terminal operation. The two companies employ 1,017 men, of whom 762 work in the warehouses, 80 in loading and unloading freight from cars, 79 in the terminal proper, 64 in operating the floating equipment, and 32 in railway operation. Twenty-two steamship lines sail from this terminal and 57,026 small boats, such as lighters and barges, called there to load and unload freight in 1916. The total investment of the two companies is $30,600,000, of which $27,037,000 consists of the investment in real estate, piers, wharves, and warehouses. In 1916 the two companies handled a total of 516,125 tons of freight, of which 80 per cent was in carloads.

The preceding description of the facilities and operations of the New York Dock Company would apply in a general way to all of

the auxiliary terminal companies. The practice of employing private terminal companies to perform the lighterage service and making allowances to them therefor, is said to have had its origin in 1884, when allowances were first made to the American Sugar Refining Company for floating carloads of sugar from Palmer's dock, Brooklyn, now a part of the Brooklyn Eastern District Terminal. The allowances of 3 cents and 4.2 cents were wholly arbitrary, but were probably intended to cover the cost of loading the cars, including dunnage, and the cost of transportation across the harbor. It is explained that the smaller allowance of 3 cents on traffic consigned to points east of the western termini was necessary because the carriers did not feel that they could absorb a larger amount on short-haul traffic. On shipments consigned to points west of the western termini the hauls are longer and the western carriers share in the absorption.

In the case of traffic to and from certain points on Long Island the trunk lines absorb not only the cost of floatage but the local rates of the Long Island Railroad from Long Island City. These absorptions are so great in certain instances that the trunk line has left hardly more than half of its revenue for the line haul. It is said, for example, that in case of a 40,000-pound shipment of a fifth-class commodity from Scranton, Pa., to Jamaica, Long Island, a New York rate point, allowances must be made not only to a private terminal company but to the Long Island Railroad, which receives the shipment at Long Island City, and hauls it to Jamaica. These allowances would amount in the aggregate to approximately $28.80. If the shipment in question were carried by the Delaware, Lackawanna & Western Railroad from Scranton to Hoboken it would receive from the shipper $63.20 in freight charges. After absorbing $28.80 the Lackawanna has left only $34.40. In this instance the absorption amounts to slightly more than 45 per cent of the freight charges. The complainants call attention to the fact that if this shipment had been consigned to Hoboken instead of to Jamaica the Lackawanna would have received $63.20 instead of $34.40 for its service, and it contends that no rate adjustment can be fair or equitable which requires Hoboken to pay the same rate as Jamaica under such circumstances as these. It is true that this is an extreme case, because Scranton is the most easterly point on the Lackawanna from which the rates to Hoboken are the same as those to points on Long Island, and Jamaica is the most easterly point on Long Island in the New York rate group; but it must be borne in mind that exactly the same absorptions are made on traffic to Jamaica from points west of Scranton, and that it is only because the rates from that territory are higher that the absorptions constitute a smaller proportion of

the total freight charges. On traffic to Manhattan and Brooklyn, however, which is of course much greater in volume than that to interior points on Long Island, the absorptions consist only of the payments to the auxiliary terminal companies for the floatage service. Perhaps 30,000 pounds represents a fairer average carload weight than 40,000. The allowance on such an average car would be $9.60 on traffic originating at or consigned to points east of the western termini and $13.20 on traffic to or from points west thereof.

ALLOWANCES FOR DRAYAGE AND FERRIAGE.

The tariffs of nearly all the trunk lines provide for a maximum allowance of 3 cents per 100 pounds to shippers or consignees for draying or ferrying certain commodities from Jersey City or Hoboken to points in Manhattan and Brooklyn. The allowances are made only when the rate to Manhattan and Brooklyn is the same as the rate to Jersey City or Hoboken, and only upon certification by the consignee that he has actually carried the property across the Hudson River. The commodities named in the Pennsylvania tariff, which is representative, are beer, cooperage stock, dressed meats, grapes, furniture stock in the rough, leather, lumber, and packing-house products in carloads; and butter, cheese, dressed poultry, and eggs in quantities of 15,000 pounds or more. The same tariff provides for the allowance of "free ferriage for transfer in lieu of lighterage on car shipments of celery, fresh fish, horses, live poultry, matches, and live stock." An allowance not in excess of 12 cents per ton is made to consignors or consignees within the lighterage limits for loading or unloading "lighterage free" freight when the service is performed by them.

Because of the difficulties experienced by the carriers in lightering heavy articles, they offer an inducement to shippers to provide for their own lighterage by paying them specified allowances when they perform that service. The payments vary from 50 cents to $3.50 per ton, according to the weight of the articles, with a provision for a minimum allowance of $20 for each delivery.

The tariffs usually provide also that certain articles in bulk, such as clay, ores, and scrap iron, may be handled westbound by the lighterage equipment of independent companies in lots of 50 tons or over from each consignor, "the allowance on such articles to be 42 cents per ton, net or gross, as rated, for service of lightering only, or 60 cents if lightering, shoveling, hoisting, and trimming in car is done at expense of the lighter." At the request of the complainants the defendants have compiled information showing the total payments to independent lighterage companies, and also the total

amounts paid to shippers or consignees for cartage and ferriage in lieu of lighterage for the calendar year 1916. The payments for drayage or ferriage in lieu of lighterage were as follows: Lehigh Valley, $116.21; New York Central, $13,774; Delaware, Lackawanna & Western, for ferriage $10,243, for drayage $5,595. The payments made to independent lighterage companies were as follows: Lehigh Valley Railroad Company, $136,367 for 224,370 tons of freight; Erie Railroad, $48,734 for 81,224 tons of freight; New York Central, $217,984 for 330,695 tons of freight; Delaware, Lackawanna & Western, $51,902 for 81,465 tons of freight; Central Railroad of New Jersey, $327,426 for 572,658 tons of freight.

The complainants' position with regard to these allowances is best explained in their brief:

> No corresponding allowances are made to New Jersey shippers. No New Jersey shipper is allowed anything from his freight rate for loading or unloading a car. No New Jersey consignee receiving freight on a dray on the New Jersey side receives any allowance whatever. This indicates as nothing else does the essential injustice of charging New Jersey shippers the cost of lighterage service which is never rendered.

The complainants do not allege that these allowances subject the New Jersey communities to undue prejudice, nor can they consistently maintain that they are excessive, because their position throughout this proceeding has been that the cost of transfer greatly exceeds 3 cents per 100 pounds. They call attention to the allowances for the purpose of showing " the difference in conditions surrounding the New Jersey and the New York traffic."

COMMODITIES UPON WHICH FREE LIGHTERAGE IS NOT ACCORDED.

There are a number of commodities, including powder and dynamite, coal in bulk, loose hay and straw, crockery in bulk, crude naphtha, benzine, and many others, upon which the carriers refuse to perform the lighterage service at the New York rate, because they are so hazardous or bulky that they can not be conveniently transported in lighters. They will be delivered without extra charge at any of the rail stations of the carriers on Manhattan Island or in Brooklyn, or at the terminals of the auxiliary terminal companies; or they will be floated without extra charge if a minimum of six carloads is offered. The complainants contend that the defendants' refusal to perform the lighterage service on these commodities at the New York rate is an acknowledgment on their part of the correctness of the general principle which the complainants seek to apply to all commodities, to which the defendants reply that an exception to a general rule should not be advanced as a reason for condemning the rule.

ADDED TERMINAL COSTS REFLECTED IN SHORT-HAUL RATES.

In constructing their rates to and from points within a radius of approximately 140 miles of New York the defendants have uniformly made the rates from New York and Brooklyn higher than the rates from points in New Jersey; and this is admittedly done because of the service involved in carrying freight between the carriers' terminals on the New Jersey shore and points on the other side of the harbor. The rates for the six classes to Newark, N. J., from New York and from Jersey City as published by the Delaware, Lackawanna & Western Railroad are as follows:

To Newark, N. J., from—	1	2	3	4	5	6
New York, N. Y.	8.4	8.4	8.4	8.4	7.4	6.3
Jersey City, N. J.	5.3	5.3	5.3	5.3	4.2	3.2
Difference	3.1	3.1	3.1	3.1	3.2	3.1

The above is illustrative of the general rate adjustment in this territory. On the Lackawanna the New York rates are higher than the Hoboken rates to and from points as far west as Scranton, Pa. On the Erie the same situation prevails as far west as Great Bend, Pa., near Binghamton, N. Y.; on the Lehigh Valley as far west as Mud Run, Pa., 140 miles west of Jersey City; and on the Central Railroad of New Jersey as far as Leslie Run, Pa., 137.4 miles west of Jersey City. The Pennsylvania has a similar group, which extends on its main line as far as Eddington, Pa., 71 miles from New York. In view of this specific recognition by the defendants of the additional cost of the terminal service of the port of New York the complainants contend that it should also be recognized in the construction of rates to and from points farther distant.

The defendants contend that their policy of maintaining the same rates to New York and Brooklyn as to Jersey City and Hoboken from the territory west of the points named in the preceding paragraph is directly attributable to the influence of the New York Central Railroad. This will be made clear by an examination of the rate structure of the Delaware, Lackawanna & Western Railroad. In 1887 that carrier adopted a mileage system of class rates for general application upon its line, and those rates were adhered to except where competitive influences or state legislation required a departure from the mileage scale. The rates to and from New York were made by adding approximately 3 cents per 100 pounds to the rates to and from Hoboken. A statute of the state of New Jersey prescribes maximum rates applicable to transportation within the state. Under the mileage scale referred to the rates from Hoboken to Newark, 7.8 miles, would have ranged downward from a first-

class rate of 11 cents, but the statute prescribed a maximum rate of 5 cents. Other rates for short distances were similarly affected.

The main line of the Lackawanna extends from Hoboken through Scranton and Binghamton to Buffalo, N. Y., with several branch lines, one of which extends to Utica, and another to Syracuse and Oswego, N. Y. The main line of the New York Central also passes through Utica and Syracuse. The Lackawanna found that a rigid adherence to its general mileage scale would result in materially higher rates to Utica and Syracuse than those maintained to the same points by the New York Central Railroad, and it therefore established to and from those points rates which would enable it to meet the competition of the New York Central. This necessitated the application of rates from New York to these points not higher than those published by the Lackawanna under the mileage scale from Hoboken; and the same rates were established as far east as Scranton. The Lehigh Valley Railroad, the Erie, and the Central Railroad of New Jersey, all of which serve Scranton or the territory in its vicinity, were obliged to establish the same basis of rates as that in force over the line of the Lackawanna. Thus it came about that the policy of these lines was determined in part by the influence of the New York Central. From and to the territory west of Scranton the New York rates were made the same as the Hoboken and Jersey City rates for the same reason. The situation on the Pennsylvania was somewhat similar, except that its rates between Jersey City and Philadelphia were depressed, not by the competition of another rail carrier but by water competition.

While considering these short distance rates it may be appropriate to observe that anthracite coal from the eastern part of the state of Pennsylvania is shipped to New York harbor in greater volume than any other commodity which originates in near-by territory. It is the practice of the anthracite carriers to make their tidewater rates applicable "f. o. b. vessel," and the vessels almost invariably receive their cargoes at the coal terminals of the trunk lines on the New Jersey shore. Unlike its competitors, the Lackawanna owns and operates barges in which coal is handled by water from its terminal at Hoboken to various points in the harbor. The rates to these points are somewhat higher than the tidewater rates because of the additional cost of barging the coal across the harbor. The rate on the larger sizes of coal published by the Lackawanna to tidewater at Hoboken, for example, is $1.40 per ton, while the rates to other points in the harbor range from $1.85 to $2.

The defendants point out that anthracite coal originates in the vicinity of Scranton, which, as previously explained, is on the western edge of the "short-haul territory" from which the rates to the

New Jersey cities are lower than those to New York, and they contend that it does not necessarily follow that the rates for longer distances should be similarly constructed. There are other heavy commodities, such as cement, brick, and plaster, on which the rates to Jersey City are lower, but these also move from the territory comparatively near the port. The rates on lumber from points in the southeast to New York are higher than the rates from the same territory to Jersey City. We find of record no satisfactory explanation of this adjustment.

The defendants show that it is by no means unusual to recognize the additional cost of specific terminal services in constructing rates for short distances. The rates from points in southern New Jersey to Camden, for example, are lower than the rates from the same points to Philadelphia; and the rates from points in Pennsylvania within a relatively short distance of Philadelphia are lower to that point than the rates to Camden; yet the rates from points in the west to Camden in practically all instances are the same as the rates to Philadelphia. Similarly, the rates from points a short distance west of St. Louis, Mo., are lower than the rates to East St. Louis, Ill.; yet on long-distance traffic these points almost invariably take the same rate. Several other illustrations of the same kind are shown in the record.

The practice of disregarding the cost of a specific service in constructing rates for long hauls, while including it in the rates for shorter distances, is such a common one that it may well be accepted as one of the established principles of rate making in this country. It is by no means unusual, as the present record shows, for carriers to absorb switching charges when the freight revenue is sufficient to warrant it, and the absorption tariffs usually state the minimum revenue per car which the carrier prescribes in such cases. Transit is frequently accorded without any charge in addition to the through rate when the revenue is sufficient to justify it. An extra charge for a two-line haul is frequently made when the distances are short, but for longer distances the rate is often the same for a two-line haul as for one over the line of a single carrier. The reason for this general practice is, of course, that when the hauls are long the cost of the specific terminal or switching service is spread over such great distances that the cost of that service per mile is negligible; or, in other words, that the cost of that service is so small when compared with the revenue which the carrier derives from the long haul that it can be absorbed without encroaching unduly upon the carrier's earnings.

We have frequently recognized and approved this general principle. In *Investigation of Alleged Unreasonable Rates on Meats*, 23 I. C. C., 656, 661, we held that for distances exceeding 500 miles the rates

therein prescribed should not be higher for two-line hauls than for single-line hauls; and in *Omaha Grain Exchange* v. *N. P. Ry. Co.*, 30 I. C. C., 572, 576, we said:

> Although it is undoubtedly true that this Commission * * * has recognized the justice of establishing a higher rate for a short two-line haul than for a one-line haul of equal length, we have not been disposed to consider the necessity for such higher rate as controlling in the matter of long-distance hauls.

In *The Illinois Coal Cases*, 32 I. C. C., 659, 680, we said:

> On long-haul traffic the charges of the terminal association disappear in the through rate through the absorption of them by the line carriers as heretofore stated, their larger revenue on such traffic enabling this to be done. But we see of record no just basis for requiring the absorption by the line carriers of the charges of the terminal association on their short-haul traffic yielding much lower revenues.

The same thought was expressed in *Williams Co.* v. *V., S. & P. Ry.*, 16 I. C. C., 482, where we said:

> It follows, and with particular force as applied to grouped points of origin and grouped points of destination, that differentials either above or below the rates from any given point become less and less important as the distance * * * increases. Stated in other words, differentials diminish with increasing distance and vanish when the mileage on which the differential is based becomes inconsiderable in proportion to the total mileage from basing point to destination.

Taking a broad view of the general practice of all of the carriers in this respect, and of its repeated approval by the Commission as announced in the cases cited, it is clearly impossible to conclude that terminal costs must be recognized in the construction of rates for long hauls solely because they are reflected in the rates for shorter hauls. The defendants point out that so many of the rates are already lower to northern New Jersey than to New York that the cities on whose behalf this complaint is brought already have a substantial advantage. In the complainants' brief it is stated that more than half, and possibly two-thirds, of all the tonnage shipped to the port moves on rates lower to the New Jersey points than to New York. A large part of this tonnage is "tidewater" coal.

RECOGNITION OF TERMINAL COST IN RATES TO AND FROM NEW ENGLAND.

The rates to and from southern New England are constructed on the same principle as the rates to and from points a short distance west of New York, the rates from Manhattan and Brooklyn to points in the territory served by the New York, New Haven & Hartford Railroad being somewhat lower than the rates to and from points in New Jersey. The New Haven publishes one set of rates to its pier stations on the East River, a somewhat higher set of rates to points requiring a lighterage or floatage service, and a still higher set of rates for rail delivery at points in New Jersey. On traffic to and from New Eng-

land it may be generally said that all points from Jersey City to Philadelphia, both inclusive, are embraced in a rate group, the rates being higher than the rates contemporaneously maintained to New York and Brooklyn and other points within the lighterage limits. The rates from northern New Jersey and from New York to representative destinations in New England are shown in the following table:

Class rates, in cents per 100 pounds.

To—	Miles from New York.[1]	From northern New Jersey.						From New York, N. Y.					
		1	2	3	4	5	6	1	2	3	4	5	6
Pelham, N. Y.....	15	31.5	26.3	20	16.8	14.7	12.6	15.4	13.2	11	8.8	6.6	6.6
Danbury, Conn.....	64.8	37	33	27.5	21	17.9	15.8	25.3	22	17.6	14.3	9.9	8.8
New Haven, Conn...	72	31.5	26.3	22	17	14.7	12.6	24.2	20.9	16.5	13.2	9.9	7.7
Winsted, Conn.....	117.5	31.5	26.3	22	17	14.7	12.6	28	24	20	15	11	10
Willimantic, Conn...	126	37	33	27.5	21	17.9	15.8	28	24	20	15	11	10
Wickford, R. I.....	168	37	33	27.5	21	17.9	15.8	34.1	28.6	24.2	18.7	13.2	11
Shelburne Falls, Mass.....	171.6	37	33	27.5	21	17.9	15.8	32	27	22	18	13	11
Boston, Mass.....	212	37	33	27.5	21	17.9	15.8	35	30	25	20	17	15

[1] Distances via New York, New Haven & Hartford Railroad from Official Guide.

The additional cost of the lighterage and floatage service seems clearly to have been recognized in the construction of these rates. It will be observed, however, that the distances from New York to points in southern New England are relatively short, and we have already seen that specific terminal costs are more frequently reflected in short-haul rates than in those applying over long distances. There is merit in the contention that if the New Jersey cities have lower rates to and from territory immediately to the west, New York should have a corresponding advantage with respect to New England traffic for substantially similar distances.

The New York, New Haven & Hartford Railroad is not a party to this proceeding, nor have the other New England carriers been named as defendants; and the complainants do not seek any change in the present adjustment of rates to and from New England. Indeed, their position is that the rates to and from New England points are logically and equitably constructed; that the rates from New Jersey points to New England are properly higher than the rates from Manhattan, because of the additional lighterage and floatage cost which the carriers must bear on traffic from New Jersey; but that it is unfair to the New Jersey communities to require them to pay higher rates to New England than New York is obliged to pay, unless New York is similarly required to pay higher rates than New Jersey on traffic to and from the west.

Several instances are given of record in which the present adjustment operates decidedly to the disadvantage of New Jersey industries. At Elizabeth, N. J., for example, is a firm engaged in the

manufacture and sale of greenhouses, and there are other firms in New York engaged in the same business. These manufacturers receive a considerable part of their raw material, such as iron and glass, from the west, and as Elizabeth is in the New York rate group the rates paid by these competing companies on their raw materials are the same. In shipping the finished product to southern New England, which is one of the best markets for greenhouses, the Elizabeth firm pays rates decidedly higher than those paid by its New York competitors. The fifth-class rate from Elizabeth to Stamford, Conn., for example, is 14.7 cents, whereas the fifth-class rate from New York to Stamford is 9.6 cents; yet the New York firms are able to ship greenhouses to western points at the same rate of freight as the New Jersey firm.

Particularly unfortunate in this respect is the position of certain brewers whose plants are located at Newark, N. J. They, too, receive from the west practically all of their principal raw material, malt, and they ship beer in large quantities to points in New England. The rates on malt from the west to New York, where several breweries are located, are the same as the rates to Newark, but the rates on beer from New York to points in southern New England are materially lower than the rates from Newark. And not only does the New York brewer have an advantage over his Newark competitor in marketing beer in southern New England, but he derives an additional advantage from the fact that the rates on returned empty containers from New England points to New York are materially lower than the rates to Newark. Several other manufacturers whose plants are located in New Jersey showed that they are similarly handicapped by the present rate adjustment, but their particular situations will not be discussed in detail because they are somewhat similar to those already described.

LIGHTERAGE COST FORMERLY RECOGNIZED IN REBATES.

Witnesses for the complainants contend that the practice of rebating which prevailed in past years was in effect a recognition by the carriers of the cost of the terminal service. One of the witnesses stated that it was the practice of the carriers to refund to the larger manufacturers and shippers located in New Jersey "the unearned portion of the New York rate," and another witness described the refund so made as "an amount equivalent to the charge for lighterage." The defendants do not deny that such rebates were given, but little emphasis has been laid on this point by any of the parties and it is thought unnecessary to discuss it at greater length in this report.

THE OHIO RIVER CASES.

The complainants compare the situation at the port of New York with those prevailing at the Ohio River crossings. In their opening brief we find the following:

> In the series of Ohio River crossings cases the Commission has established a uniform spread of 1 cent per 100 pounds between the opposite banks of the Ohio River, this spread being made in recognition of the exceptional expense involved in the crossing of an important stream.

This is not an accurate statement of the situation. In the line of cases commonly referred to as the Ohio River cases we were called upon from time to time to remove unjust discriminations resulting from the difference in the practices of the carriers north and south of the river. The situation at Cairo, in the state of Illinois, and Paducah, in the state of Kentucky, is illustrative. The rates on the various classes and on nearly all commodities from points north of the Ohio River to Paducah, a south bank point, were 2 cents per 100 pounds higher than the corresponding rates to Cairo, a north bank point; yet the class and commodity rates to points in the south were the same from Cairo as from Paducah. In other words, the carriers, in constructing the rates to Paducah from the north, imposed an additional charge to represent the additional cost involved in crossing the Ohio River, while on traffic to the south the cost of crossing the river was disregarded. Obviously this placed the Paducah jobbers at a disadvantage in competing with jobbers at Cairo in the territory south of the river. In this case and similar cases we held, not that the carriers must impose an additional charge for hauling freight across the river, but that they must avoid unjust discrimination and undue prejudice in the construction of their rates at the river crossings. In *Paducah Board of Trade* v. *C., B. & Q. R. R. Co.*, 37 I. C. C., 743, at pages 750 and 751, we said:

> In a number of recent cases we have had occasion to consider the rate adjustments at the Ohio River crossings. In several of them it has been shown that the rates are so constructed as to favor one point to the prejudice and disadvantage of a point on the opposite side of the river. We have uniformly held in these cases that the rates must be so made as to avoid unjust discrimination; that if a bridge toll is charged at one crossing it should be charged at all crossings; that if a bridge toll is absorbed at one crossing it should be absorbed at all crossings; and that a transit privilege granted at one point on the Ohio River should also be accorded under substantially similar conditions at a competing point. *Manufacturers and Merchants' Asso.* v. *A. & A. R. R. Co.*, 24 I. C. C., 331; *Same* v. *Same*, 25 I. C. C., 116; *Norman Lumber Co.* v. *L. & N. R. R. Co.*, 22 I. C. C., 239; *Same* v. *Same*, 29 I. C. C., 565; *Paducah Board of Trade* v. *I. C. R. R. Co.*, 29 I. C. C., 583; *Same* v. *Same*, 29 I. C. C., 593; *Metropolis Commercial Club* v. *I. C. R. R. Co.*, 30 I. C. C., 40; *Rates on Lumber from Southern Points*, 34 I. C. C., 652; and *Henderson Commercial Club* v. *I. C. R. R. Co.*, 36 I. C. C., 20; *Same* v. *Same*, 42 I. C. C., 196.

A careful examination of the above cases will show that we did not require in any of them a recognition of the bridge tolls in the construction of the rates before us for consideration. We required only that the unjust discrimination found to exist should be removed. Those cases differed from the case now before us in that the complainants in the Ohio River cases alleged in each instance that the rates to or from opposite crossings were constructed upon a different basis, to the undue prejudice of the complainants, whereas in the present case it is alleged that the rates to northern New Jersey and New York are constructed on the same basis and that they should be constructed upon a different basis. It is clear that the cases can readily be distinguished. It is true that in one of the cases cited above, *Rates on Lumber from Southern Points*, we approved rates on lumber from points in the south to points on the north bank of the Ohio River which were higher by 1 cent per 100 pounds than the rates to south bank points, but that situation was so different from that here presented that our findings in that proceeding can not be regarded as a precedent for granting the relief sought in the case now before us.

DEDUCTION OF TERMINAL ALLOWANCE UNDER MCGRAHAM SCALE.

Apparently for the purpose of showing that the rates to and from Jersey City and other points in northern New Jersey were originally made with a view to including a reasonable allowance for the terminal service, witnesses for the complainants explained in a general way the principles used in the construction of rates between points in central freight association territory and points in trunk line and New England territories.[1]

What is commonly known as central freight association territory includes that portion of the United States, generally speaking, lying east of the Mississippi River, north of the Ohio River, and west of a line drawn through Buffalo, N. Y., and Pittsburgh, Pa., but excluding most of the state of Wisconsin and the northern peninsula of Michigan. In constructing their class and commodity rates between points in this territory and points in the east the carriers have divided central freight association territory into a number of rate groups of various sizes and irregular in outline.

When the interterritorial rates were originally established these rate groups did not exist, but there were a large number of so-called "basing points" throughout the territory, the rates to and from which bore a more or less definite relationship to the rates between Chicago and New York. The first definite basis for the construction of rates to and from central freight association territory was adopted in 1876, when specific percentages of the Chicago-New York rates

[1] This matter is fully discussed in *Michigan Percentage Cases*, 47 I. C. C., 409, recently decided.

were assigned to a number of basing points in that territory, the percentages being determined to a large extent by relative distances. In 1879, for the purpose of increasing the carriers' revenues, the percentages to be assigned to the respective basing points were determined by a somewhat different method. An assumed rate of 25 cents per 100 pounds[1] from Chicago to New York was taken as the basis. From this rate the sum of 6 cents was deducted to cover terminal expenses at both ends of the haul, leaving 19 cents as representing the part of the assumed rate to be applied to the line haul. The 19 cents was then divided by 920 miles, which was then the distance over the lines of the Pennsylvania Railroad from Chicago to New York, giving a rate of 0.0206 cents per 100 pounds per mile for the haul from Chicago to New York. To determine the percentage which any point should take its mileage to New York was multiplied by 0.0206 cents, the terminal allowance of 6 cents added back, and the result divided by 25. For example, Xenia, in the state of Ohio, was 700 miles from New York. If 700 is multiplied by 0.0206 cents, the result is 14.42 cents, and if 6 cents is added the sum is 20.42 cents, which is 81.7 per cent of the assumed rate of 25 cents from Chicago to New York. Under a generally recognized rule for the disposition of fractions this was made 82 per cent, and the rates from Xenia to New York were accordingly made 82 per cent of the Chicago-New York rates. The rates from other basing points were determined in a similar manner. *Saginaw Board of Trade* v. *Grand Trunk Ry. Co.*, 17 I. C. C., 128.

Through a gradual and interesting process of development which it is unnecessary to describe in this report, the rates to and from these basing points were extended from time to time until large rate groups were constituted. What is known as the 100 per cent group on eastbound traffic embraces nearly half of the state of Indiana and a part of the state of Illinois. The 110 per cent group embraces nearly half of the state of Illinois. The rest of central freight association territory is similarly divided into rate zones which vary greatly in size and shape, the percentages ranging from 60 per cent in the Pittsburgh group to 120 per cent in the southern part of the state of Illinois. Most of the groups are somewhat smaller than those described, the state of Michigan alone containing 14 groups.

The point emphasized by the complainants' witnesses is that in the construction of all these rates recognition was given to terminal costs by the inclusion of an allowance of 6 cents for the terminal service; and the conclusion is reached, as we understand it, that the defendants' class and commodity rates, including those to and from

[1] It has been commonly supposed that this was the sixth-class rate between Chicago and New York at that time, but it has recently been shown, in another case now pending before the Commission, that no sixth-class rate was published at that time. It happens that the fourth-class rate was then 25 cents, but that figure seems to have been arbitrarily selected, without regard to any of the class rates then in effect.

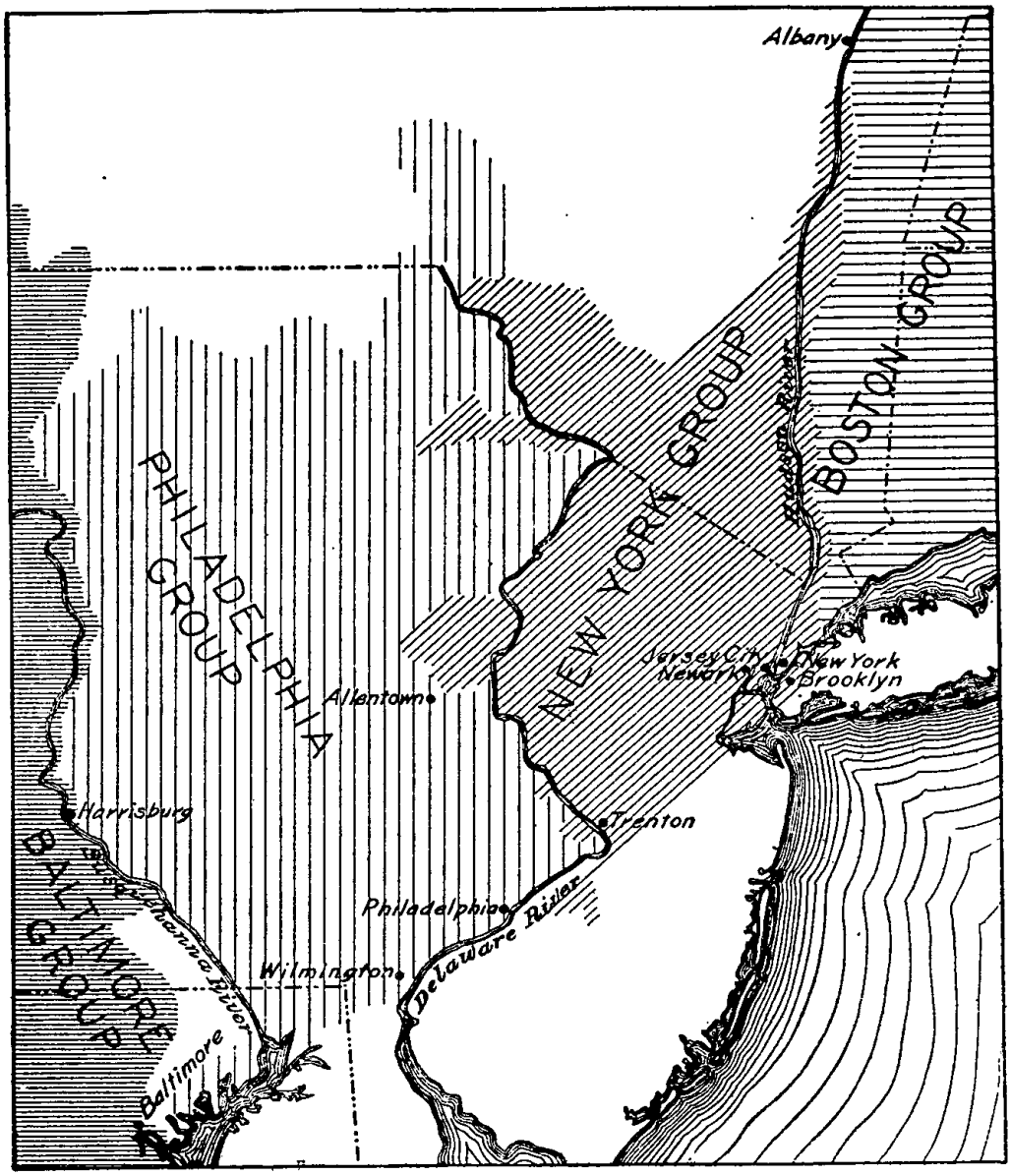
northern New Jersey, contain an allowance for the terminal service; and that inasmuch as the cost of delivery in New Jersey is in some instances less than the cost of effecting delivery in New York, it is unfair to the cities of New Jersey to include in their rates the same terminal charges as are used in constructing the rates to New York. This conclusion is not supported by the evidence. There is no evidence whatever to show that the basic rates from Chicago to New York include any allowance for terminal services. It is testified, on the contrary, that they were established as a result of the competition between the rail lines and the boat lines operating through the Erie Canal, and of competition between the railroads themselves. We have already observed that the rates of the New York Central were made without regard to the cost of lighterage, because it performed no lighterage service, and that several of the other trunk lines were compelled to disregard the terminal cost because of the necessity of meeting the New York Central's competition. It is doubtless true that most rates in this country, whether the McGraham formula was employed in their construction or not, were made with a view to including remuneration to the carriers not only for the line haul, but for the ordinary terminal services at point of origin and at destination. It will lead to clearness of thought in the case now before us if we disregard the McGraham formula entirely, for it plainly has no direct application to the issues here presented.

THE CONSTRUCTION OF RATES BY GROUPS.

The complainants having taken the position that the rates to and from northern New Jersey should be lower than the rates to and from Manhattan and Brooklyn because the lighterage and floatage service involves an additional cost, the defendants have endeavored to show at some length that specific cost of service has been commonly disregarded in the construction of rates throughout official classification territory. For that purpose evidence has been submitted showing in detail the extent of the various rate groups which the carriers have recognized for many years in constructing their rates in this territory. On both eastbound and westbound traffic the territory east of Buffalo and Pittsburgh has been divided for rate-making purposes into a number of rate groups of considerable size. The one with which we are particularly concerned in the present proceeding is the New York group, which with respect to eastbound traffic includes, generally speaking, all points in the northern half of the state of New Jersey; a few points west of the Delaware River in the state of Pennsylvania; all of New York City, including points on Long Island as far east as Flushing and Jamaica; and a large portion of the southeastern part of the state of New York, including points on the New York Central Railroad and the West Shore Rail-

road almost as far north as Albany, N. Y. North and east of this group is the Boston rate group, which includes practically all points in the states of Massachusetts, Rhode Island, and Connecticut, points in the state of Maine as far north as Portland, and many points in the states of New Hampshire and Vermont.

South and west of the New York groups is the Philadelphia group, which includes, generally speaking, points east of the Susquehanna



River in the state of Pennsylvania; points in the northern part of the state of Delaware; points in Maryland on the line of the Philadelphia, Baltimore & Washington Railroad and the Baltimore & Ohio Railroad almost as far south as Baltimore; and a few points in the states of New York and New Jersey. The extent of the Philadelphia and New York rate groups is indicated in a general way on the accompanying map.

South and west of the Philadelphia group is the Baltimore group, which also covers an extensive territory. The central part of the state of New York is similarly divided into four large rate groups, known as the Albany, Utica, Syracuse, and Rochester groups, each embracing a large number of points; and there are a number of other groups of like character west of the territory already described which it is not thought necessary to outline.

The rates to and from these rate groups bear a fixed relationship to each other. The rates from the west to points in the Boston group, for example, are higher by fixed arbitraries than the rates to points in the New York group. As has already been explained in connection with the discussion of the port differentials, the rates on all classes and on most commodities to Philadelphia and points in the Philadelphia group are 2 cents per 100 pounds lower than the rates to New York; and the rates to Baltimore are uniformly 1 cent lower than the rates to Philadelphia.[1] Similarly, the rates to and from points in the other groups bear a fixed relationship to the rates to and from New York. Points not included in any of the above groups are usually given rates higher by fixed arbitraries than the rates to or from the nearest group. Thus, the rates to and from points in southern New Jersey are higher than the Philadelphia rates by fixed arbitraries, and the rates to and from points on the peninsula between Chesapeake Bay and the Atlantic Ocean are higher by fixed amounts than the rates to and from Philadelphia or Baltimore.

The complainants direct our attention to the fact that the Susquehanna River marks in a general way the western boundary of the Philadelphia rate group, and that similarly the Delaware River may be considered the eastern boundary of the group; and they contend that a like observance of geographical conditions would seem logically to lead to the recognition of the Hudson River as the eastern boundary of the group in which New Jersey is located. We are also asked to note that the rates to points in the Philadelphia group are uniformly 1 cent higher than the rates to points in the Baltimore group, whereas the rates to points in the New York group exceed by 2 cents the rates to points in the Philadelphia group. This difference is attributable, as previously explained, to the port differentials, and to their application to the domestic rate adjustment.

A study of these groups shows that in constructing them the carriers have disregarded great differences in distance. If cost of service were the only element to be considered in constructing rates,

[1] On westbound traffic the Philadelphia differentials on the six classes are, in cents, as follows: 6, 2, 2, 2, 2, 2. The Baltimore differentials are 8, 8, 3, 3, 3, 3.

it is obvious that the rates from points in the west to a point just east of Harrisburg should be lower than the rates to Philadelphia; that the rates to Trenton should be lower than the rates to New York; and that the rates to Bridgeport should be lower than the rates to Boston. But the rates have not been constructed on any such principle, and the defendants contend that the complainants should not be heard to say that the rates to and from northern New Jersey are unlawful solely because the carriers have disregarded the additional cost of lighterage and floatage in constructing their rates to and from Manhattan and Brooklyn.

The defendants have also submitted evidence with respect to the division of central freight association territory into a number of large rate groups, but that matter has already been discussed; and although a careful examination of those groups seems clearly to support the defendants' contention that notable differences in distance have commonly been disregarded in constructing the rates in this territory, it is unnecessary to define the groups or to dwell at length upon their history.

As previously stated, the complainants asked at the hearing that the cities and towns in northern New Jersey be placed substantially upon the Philadelphia basis. If the Philadelphia rates were accorded to this territory, the Philadelphia rate group would be extended from the Susquehanna River to the Hudson River.[1]

If the Philadelphia rates applied at Weehawken, the West Shore Railroad could hardly maintain higher rates at intermediate points on its line south of Albany; and inasmuch as it is the policy of the New York Central Railroad to apply the same rates to points on the east bank of the Hudson River as to points on the west bank, it is not improbable that the Philadelphia rates would be extended to points on the main line of the New York Central on the east side of the river. Since there is a fixed relationship between the Albany and New York rates it is possible that this would cause a disturbance in the rates to and from points in the Albany group, and in the other groups to the west, and the carriers contend that the rates to points in New England might also be affected. Inasmuch as the Baltimore & Ohio Railroad reaches Staten Island with its own rails, and there-

[1] The difficulty in contending on the one hand that the rates should be constructed with more or less strict regard to the cost of service, and on the other hand that northern New Jersey, in spite of its greater distance, should take the same rates as points in the Philadelphia group, is illustrated by the following excerpt from the record:

"Mr. TROUP. The New York business is more expensive to the railways.

"Mr. PATTERSON. That being so, should Trenton and Jersey City take the same rate? Why should Trenton be burdened with the expense of hauling traffic from Trenton to Jersey City?

"Mr. TROUP. *Oh, you have got to establish a zone somewhere.*"

fore without an additional expense for lighterage or floatage, it would seem logical to extend the Philadelphia rates to Staten Island. Indeed, the Staten Island Civic League, which was permitted to intervene as a party complainant, states in its petition that "the interests represented by it are in exactly the same relative location and have exactly the same railroad conditions and rates as the New Jersey shippers," and that "any finding by the Commission in favor of the contention of the original complainant in this action should also include and apply to shippers and consignees and the railroads doing business on Staten Island." As previously stated the carriers concede that Staten Island should take the same rates as northern New Jersey. Staten Island, however, is a part of the city of New York, and the possibility of having the Philadelphia rates extended to a part of the city, while higher rates are maintained to other parts of the city, is naturally not regarded with equanimity by those in New York who are endeavoring to develop the port as an organic whole.

The practice of embracing many points within the same group or zone has been so generally adopted by the carriers and so frequently recognized as proper by this Commission that its general propriety can hardly be challenged. Not only does this practice greatly simplify the publication of tariffs, to the convenience of both the carriers and the public, but the application of a common rate to a number of points in the same general territory effects an equality of opportunity which is usually most desirable; and this is particularly true where the points in question produce and ship the same commodity or derive their raw materials from the same sources. Producers in all parts of the port of New York are manufacturing goods for sale in common markets throughout the world.

Actual distances and actual costs are commonly disregarded in the construction of rate groups, and so long as their general propriety is recognized it is of course impossible to entertain the view that a rate is unlawful solely because it does not reflect with approximate accuracy the actual cost of performing the transportation service.

In *Stiritz* v. *N. O., M. & C. R. R. Co.*, 22 I. C. C., 578, 581, we said:

> The Commission has repeatedly recognized and approved the grouping of points, within reasonable limits, for the purpose of making rates, and it will not disturb such groupings in the absence of proof that as to particular points in a zone the adjustment results in unreasonable rates or undue prejudice and disadvantage.

The chief justification for a rate zone is that it places all producers on the same footing in a given market. *Ferguson Saw Mill*

Co. v. *St. L., I. M. & S. Ry. Co.*, 18 I. C. C., 396, 398. Blanket or group rates in many cases are of great advantage to the public without serious injustice to any interest, though there is of necessity more or less disregard of distance and varying degrees of inequality. *Chicago Lumber & Coal Co.* v. *T. S. Ry. Co.*, 16 I. C. C., 323, 334.

Grouping or blanket arrangements are of great advantage to the public, and, once established, groups should not be lightly or unnecessarily disturbed. *Clyde Coal Co.* v. *P. R. R. Co.*, 23 I. C. C., 135, 138. But the Commission has never approved a group rate that resulted in undue prejudice to any part of the group; and whether or not the grouping of points constitutes undue or unjust discrimination must be determined from the facts in each case. *Southwestern Missouri Millers Club* v. *M., K. & T. Ry. Co.*, 22 I. C. C., 422, 425; *Muskogee Traffic Bureau* v. *A., T. & S. F. Ry. Co.*, 17 I. C. C., 169, 173.

The New York and Philadelphia rate groups have remained practically the same for 30 or 40 years, except for the addition of some points, which did not change materially their general outline.[1] We have already seen that in a commercial and industrial sense "New York" embraces a territory much greater in extent than the city of that name; it includes all the great metropolitan district previously described. By a process of natural evolution the rate structure, as it developed, accommodated itself in a general way to the commercial and industrial conditions, and the inclusion of the manufacturing cities of northern New Jersey in the New York rate zone was the logical, if not inevitable, result of economic conditions. Historically, commercially and industrially the cities of northern New Jersey within the metropolitan district constitute a part of New York, and the request now made on behalf of these cities that they be lifted out of the New York rate zone and transferred to the Philadelphia zone seems anomalous. Neither historically nor commercially do they constitute a part of the Philadelphia district.

ABSORPTION OF COST OF TRANSFER AT OTHER POINTS.

In further justification of their practice of applying a common rate to all parts of the port of New York the defendants show that there are many instances in which the additional cost of transport-

[1] Thirty years ago the territory in northern New Jersey west of Newark and Paterson took rates higher by at least 3 cents per 100 pounds on eastbound traffic than the rates to New York, and the New York zone did not include points on Long Island or on Staten Island.

ing freight across a river or bay is disregarded in constructing rates. The situation at Philadelphia and Camden, for example, is somewhat similar to that at New York. The Pennsylvania Railroad is the only carrier having a direct rail service between Camden and Philadelphia, which lie on opposite sides of the Delaware River. The rails of the Philadelphia & Reading Railway and the Baltimore & Ohio Railroad terminate on the Philadelphia side of the river, and all freight carried by those roads to or from Camden must be transported in lighters or car floats across the river. On traffic to and from points in the west Camden takes the Philadelphia rates on all classes and on practically all commodities.

In certain respects the Philadelphia-Camden situation differs from that at the port of New York. The volume of traffic moving between Philadelphia and Camden is of course materially smaller than that transferred between points on the west side of New York harbor and Manhattan and Brooklyn. There are no auxiliary terminal companies at the port of Philadelphia, acting as agents of the trunk lines in lightering and floating freight, such as those at New York. The number of steamship lines having regular sailings from New York greatly exceeds the number sailing from Philadelphia, and at the latter port most of the vessels sail from the Philadelphia side of the river. In spite of these differences, however, it is clear that the situations are not so dissimilar as to make the comparison valueless. If the rates to and from Manhattan should properly be higher than the rates to and from Jersey City because of the cost of the harbor transfer, it would seem that the rates to and from Camden should likewise be higher than the rates to and from Philadelphia because of the corresponding cost there incurred.

The defendants also show that Pittsburgh and Allegheny, Pa., invariably take the same rates on long distance traffic; that Wheeling, W. Va., and Bellaire, Ohio, are also grouped; that Norfolk and Portsmouth, Va., usually take the same rates; and that a similar situation exists at Galveston and Port Bolivar, Tex.; at St. Louis, Mo., and East St. Louis, Ill.; and at some of the Ohio River crossings. These comparisons are somewhat less helpful than the other because the conditions are so obviously different from those at the port of New York. A situation like that at Pittsburgh and Allegheny, for example, where there is a direct rail connection between the points and where no freight is transferred by lighter or car float, can hardly be regarded as analogous to the conditions prevailing in New York harbor. Comparisons of this character are helpful only to the extent that they show that it is the practice of the carriers throughout the country to apply the same rates on long distance traffic to

and from points located on opposite sides of a river or harbor, regardless of the nature of the facilities employed in transferring freight between them.

The situation at San Francisco is strikingly similar to that at New York. The port of San Francisco is divided into two parts by the waters of San Francisco Bay. On the east side of the bay, almost directly opposite San Francisco, are Richmond, Berkeley, Oakland, and Alameda. Just as the terminals of most of the trunk lines serving the port of New York are located on the New Jersey shore, so at San Francisco the terminals of a number of the carriers are located on the eastern side of the bay. The Atchison, Topeka & Santa Fe Railway has a terminal on San Pablo Island, near Richmond, and the Southern Pacific and Western Pacific have terminals at Oakland. Just as the New York Central reaches Manhattan Island with its own rails from the north, so the Southern Pacific reaches San Francisco with its own rails by way of the Dumbarton cut-off. As at the port of New York the steamship lines usually dock on the Manhattan or Brooklyn side of the harbor, opposite the terminals of the rail lines, so at San Francisco harbor they dock at San Francisco opposite the railroad terminals. It is necessary, therefore, to float a large amount of traffic for a distance of approximately 5 miles across San Francisco Bay between the railroad terminals and the piers in San Francisco. All the freight ferried across the bay is handled in car floats, lighters not being employed.

One important difference between the New York and San Francisco situations is that there is no industrial district in the vicinity of San Francisco at all comparable with that in northern New Jersey. Approximately 75 per cent of the total traffic to and from San Francisco is handled over the all-rail route of the Southern Pacific.

All class rates and practically all commodity rates between points in the east and Oakland are exactly the same as those between the same eastern points and San Francisco, the rail carriers disregarding the cost of transferring freight across the bay. There is a territory near Oakland, very limited in extent, from which the rates to that point are lower than the rates to San Francisco, but with that comparatively unimportant exception the same rates apply to and from points on both sides of the harbor.

THE BUFFALO-ERIE SITUATION.

Erie, in the state of Pennsylvania, is located in what is known as percentage territory; that is, the territory from which the rates are

constructed on fixed percentages of the Chicago-New York scale, as previously explained. In the construction of rates to and from this territory, including Erie, the Philadelphia rates are made lower than the New York rates. Buffalo, on the other hand, is not in percentage territory, and the class rates from that point to Philadelphia are the same as those to New York and lower than those from Erie. A reduction in the rates from Erie to Jersey City, as requested by the complainants, would disturb the relationship between Erie and Buffalo; and if the rates from Buffalo to northern New Jersey were reduced the present equality between the rates to northern New Jersey and the rates to Philadelphia could be preserved only by reducing the latter. This is made clear in the following table:

Class rates, in cents per 100 pounds.

From—	To—	1	2	3	4	5	6
Erie, Pa.....	Philadelphia, Pa....	41.3	35	29.5	20.1	16.9	13.8
Do.....	New York, N. Y....	47.3	41	31.5	22.1	18.9	15.8
Buffalo, N. Y.....	Philadelphia, Pa....	41.3	35	29.5	20.1	16.9	13.8
Do.....	New York, N. Y....	41.3	35	29.5	20.1	16.9	13.8
Philadelphia, Pa...	Erie, Pa.....	43.1	35	29.5	20.1	16.9	13.8
Do.....	Buffalo, N. Y.....	41.3	35	29.5	20.1	16.9	13.8
New York, N. Y....	Erie, Pa.....	47.3	41	31.5	22.1	18.9	15.8
Do.....	Buffalo, N. Y.....	41.3	35	29.5	20.1	16.9	13.8

It is not improbable that a change in the Buffalo rates would disturb the rates from the groups east of Buffalo; and that the Canadian lines, which have consistently refused to establish lower rates to Philadelphia than to New York, would be embarrassed by a finding that both Jersey City and Philadelphia should take lower rates than New York.

NEW JERSEY'S INDUSTRIAL PROGRESS.

The complainants have contended throughout this proceeding that the people of the northern part of the state of New Jersey have been unduly prejudiced by the present rate adjustment, and that the industrial development of the state has been retarded by the alleged unlawful practices of the defendants. The present adjustment of rates is characterized in the complaint as "the unjust burden now imposed upon New Jersey." The complainants' conviction that the manufacturers of New Jersey have been greatly handicapped by the freight rates is best indicated by the testimony of one of their principal witnesses, the secretary of the Newark Board of Trade, who has been in close touch with the situation for years:

Mr. McCARTER. What has been the actual effect (of the present rate adjustment), in your experience and judgment, after this investigation of years of this subject, upon our own industries generally?

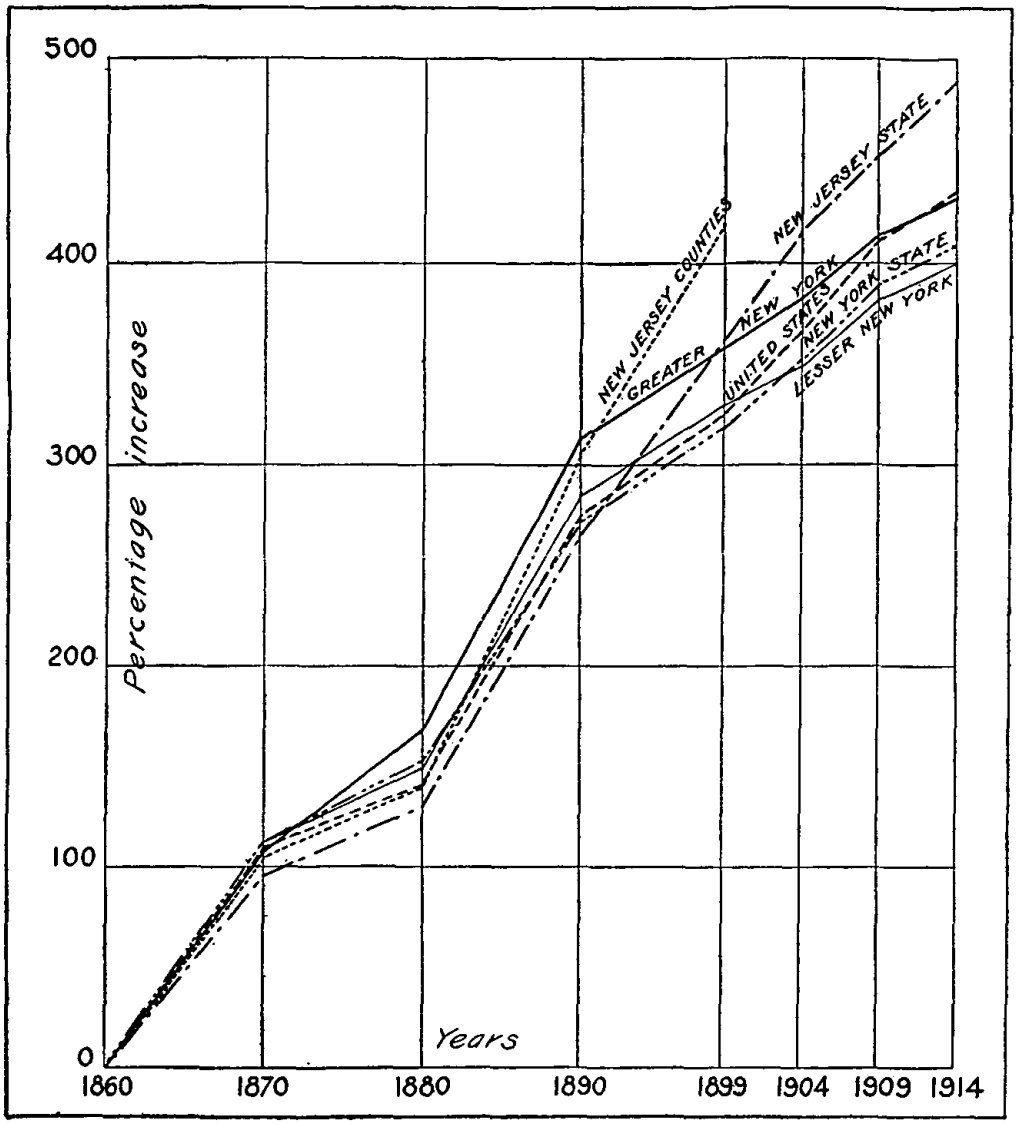
Mr. REILLY. Judging from the numerous complaints received, and the urgency of manufacturers and others to have some action taken whereby the present day scale of rates could be adjusted, it has had an ill effect upon industry, and there is no doubt whatever of the effect it has had in retarding the development of the whole area of northern Jersey. We have seen the Brooklyn water front built up; * * * we have seen great industries located and developed there, attracting a vast population, while, at the same time, the water front of New Jersey has remained dormant.

It is proper to observe that with the exception of general statements of this character, which statistics show to be of doubtful accuracy, there is no evidence of record showing that the rates assailed have operated to the prejudice of New Jersey shippers. It is true that on shipments to New England the rate structure is not favorable to the complainants, and that it gives New York an advantage, but the rates to and from New England are not in issue in this proceeding. The industries of New Jersey have prospered under the rate adjustment which they attack. Their complaint is, not that the present adjustment gives an advantage in rates to New York shippers, but that it does not give in all instances to New Jersey shippers the advantage over their New York competitors which they claim as their due.

For the purpose of determining as accurately as possible the relative progress of New York and the communities of northern New Jersey the state of New York requested its engineering department to collect and tabulate information showing separately the growth of the United States, the state of New York, the state of New Jersey, the counties of northern New Jersey, the principal cities of northern New Jersey, lesser New York, including Manhattan and the Bronx, and Greater New York, including the whole city. The information collected, which has been introduced in evidence in this proceeding in the form of statistical tables and charts, shows the growth in population, in net assessed valuation, in the number of persons engaged in manufacturing, in the capital invested in manufacturing, and in the value of manufactured products. It would be inadvisable to reproduce all these statistics in this report, but a few of the charts will show the general situation.[1]

[1] The record contains other evidence showing the industrial progress of New Jersey, but as it would tend merely to substantiate what the charts show it will be omitted from the report. It may be well to observe, however, that the growth of the commutation traffic on typical New Jersey lines has been substantially as great as that of the New York lines with the exception of the Long Island Railroad. The figures are shown in Appendix H. The contention is that the increase in the commutation traffic is fairly indicative of the extent of suburban growth.

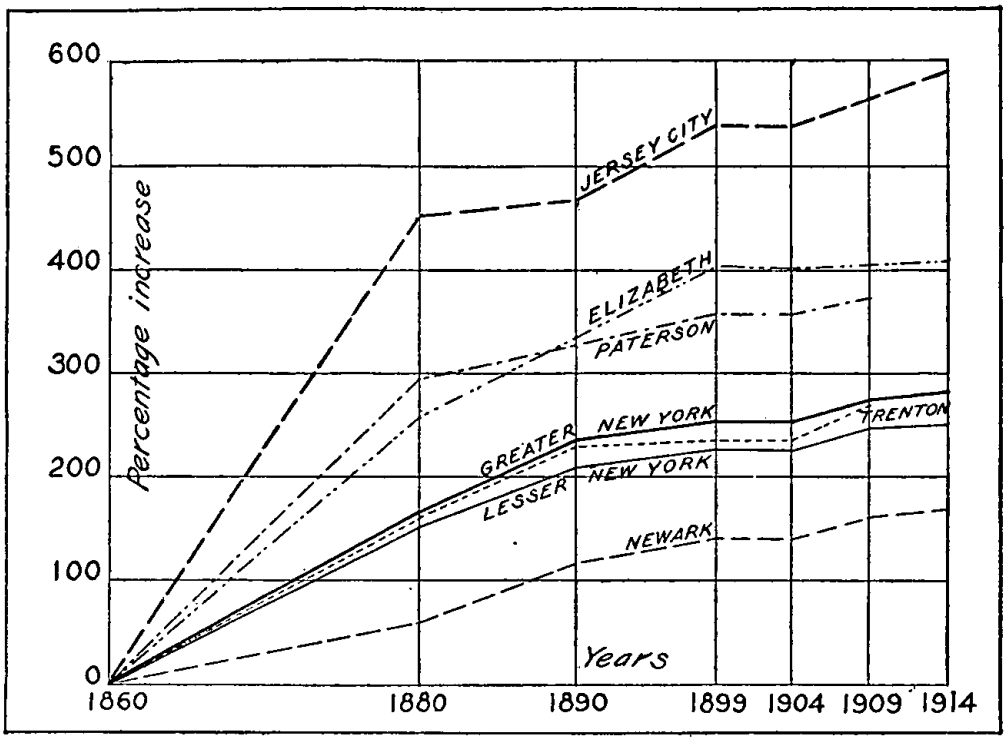
The following chart shows how the percentages of increase in population in the state of New Jersey and in the northern counties of the state[1] compare with the growth in Greater New York, in the state of New York, and in the United States:



Relative increase in population.

[1] The counties included in these statistics are Union, Essex, Passaic, Bergen, and Hudson, which constitute the greater part of the industrial district of northern New Jersey. It may be proper to state that the figures upon which these charts were based are filed in the record, and that their accuracy has not been questioned.

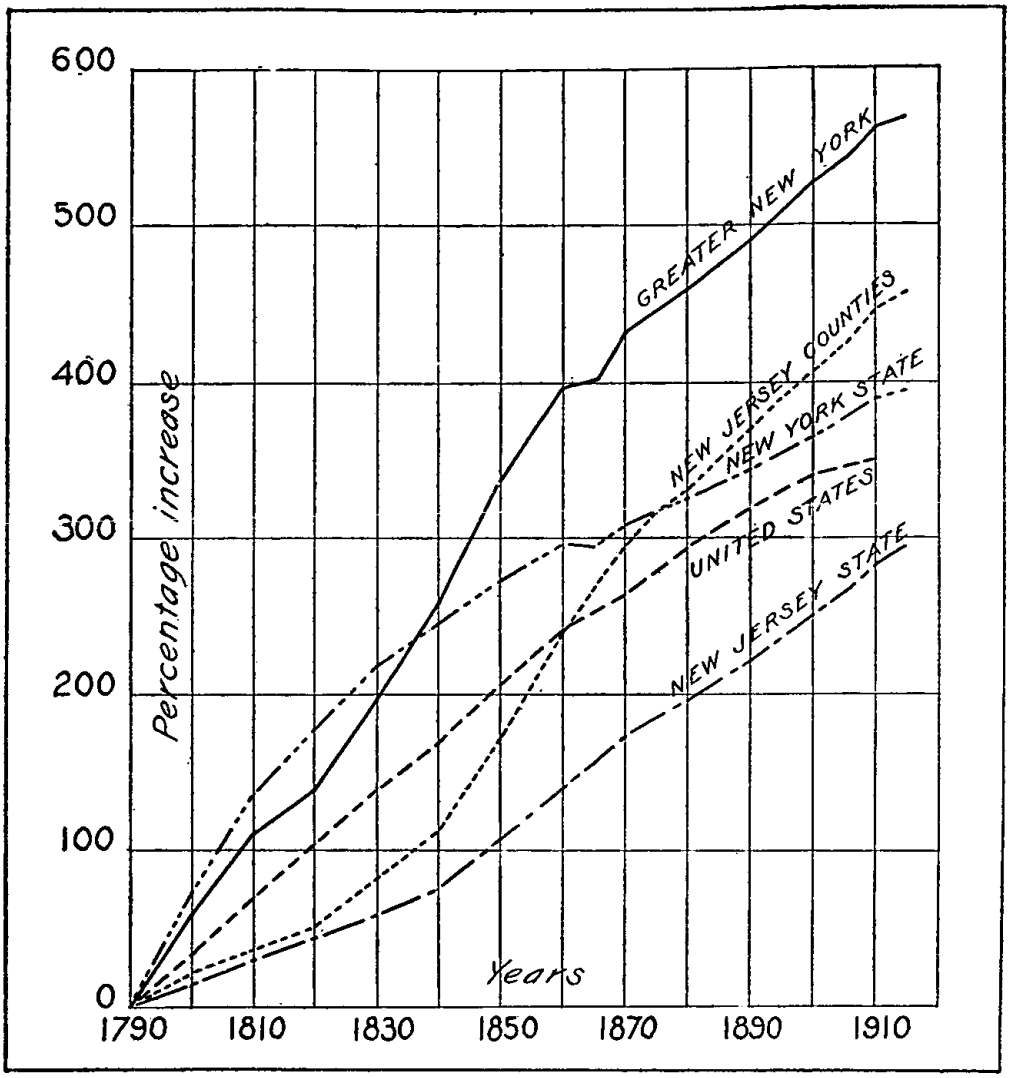
The following chart shows how the percentage of increase in the number of persons engaged in manufacturing in some of the prominent cities in New Jersey's industrial district compares with the growth in Greater New York and in lesser New York:



Relative increase in number of persons engaged in manufacturing.

47 I. C. C.

The following chart shows how the percentage of increase in the amount of capital invested in manufacturing in the state of New Jersey and in the northern counties of the state compares with the percentage of increase in lesser New York, Greater New York, the state of New York, and the United States:



Relative increase in capital invested in manufacturing.

It is unnecessary to dwell at greater length upon the story of New Jersey's progress.[1] It suffices for the purpose of this report to state

[1] A description of New Jersey's rapid growth from a very practical point of view was given by the general freight agent of the Lackawanna, who told of the many improvements his company has been called upon to make in the industrial section of the state. Among other things he said: "The industrial business on our line within a radius of 25 miles of Hoboken has trebled within the past 15 years. The second fact in connection with the industrial development is covered by the very considerable expenditures made by our company in the past 15 years for the rebuilding of practically every station, freight house facility, freight houses and team tracks that we have within a radius of 30 miles of New York. Practically every one of them has been rebuilt and enlarged, owing to the increasing traffic demands."

that other comparisons similar to those given in the preceding charts lead to the same conclusion—that the progress of the state of New Jersey, and of the cities and counties in the northern part of the state, both individually and collectively, has been as favorable, generally speaking, as the progress of the city of New York, of the state of New York, or of the country as a whole.

RECIPROCAL SWITCHING.

Earlier in this report reference was made to the fact that the waters of New York harbor may be regarded as "an interior belt line" whereby shippers in many parts of the harbor are given access to the terminals of all the trunk lines. Shippers in New Jersey, on the other hand, usually enjoy the service of only one carrier, although in several instances the rails of the competing trunk lines are connected in such a way that the same shipper could be served by several carriers if reciprocal switching arrangements were established, and the complainants ask that the trunk lines whose terminals are located on the New Jersey shore be required to provide such switching arrangements at Jersey City, Hoboken, and Weehawken.

The location of the railroad terminals on the New Jersey shore is shown on the large map near the beginning of this report. All the trunk lines except the Delaware, Lackawanna & Western are connected with each other by a line of railroad which runs in a north and south direction from Black Tom Island to Weehawken. The southern part of this railroad, which is designated "the connecting railroad," was formerly known as the National Docks Railway. It is now owned by and operated as a part of the Lehigh Valley Railroad. The northern part, which was formerly known as the New Jersey Junction Railroad, is now owned by the West Shore Railroad and operated by the New York Central as a part of its system. It is unnecessary to describe in detail the course of the connecting railroad. It suffices for the purposes of this report to observe that it connects physically with the Central Railroad of New Jersey, the Pennsylvania, and the Erie, and as it is virtually a part of the Lehigh Valley and the West Shore it joins together the terminals of all five trunk lines. It runs under the Lackawanna tracks in such a way that a physical connection would hardly be practicable. The connecting railroad is used to some extent for the movement of through traffic between a few of the trunk lines, and the complainants contend that it could likewise be employed to advantage as a belt line for the interchange of freight under reciprocal switching arrangements.

With respect to westbound traffic the complainants seek the establishment of such switching arrangements as will give the Jersey

City shippers access to all the trunk lines. They seek to obtain for a shipper located on the line of the Pennsylvania in Jersey City, for example, the advantage of the service of the other carriers, such as the Lackawanna and the Erie, by requiring the Pennsylvania to publish a reasonable switching charge, under which the cars of the other lines would have access to the industries located on the Pennsylvania. In many instances such an arrangement would have the effect of short hauling the Pennsylvania. The plant of Colgate & Company, manufacturers of soaps and perfumes, is located on the tracks of the Pennsylvania in Jersey City. A carload of soap shipped by this company to a consignee in Buffalo can be hauled the whole distance by the Pennsylvania. If the switching arrangements requested by the complainants were established, Colgate & Company could require the Pennsylvania to switch the car a mile or two to a junction with the Erie, from which point the Erie would haul it to Buffalo. Such an arrangement would short haul the Pennsylvania quite as effectively as the establishment of a through route and joint rate over that route, and in requiring such a service we would simply accomplish indirectly what is expressly prohibited by the act, namely, requiring a carrier to participate in a through route embracing substantially less than the entire length of its line between the points in question. It can not be denied that the establishment of such reciprocal switching would be of benefit to the people of Jersey City and Hoboken, but the Commission derives its authority from the act to regulate commerce, and it can afford no relief which is not authorized therein either expressly or by direct implication.

The defendants show, furthermore, that in most instances joint through rates are already in effect between Jersey City and points in the west; and that where they do not exist switching charges are sometimes published which have the effect of giving one carrier access to the terminals of another. Thus, the Erie publishes a charge of $10 for switching interstate traffic for the West Shore Railroad, and the latter carrier absorbs the switching charge. Similarly, the Pennsylvania publishes switching charges for its service in switching interstate shipments to and from its connection with the West Shore. Joint through rates are published between points on the Lehigh Valley in Jersey City and points on the West Shore and the New York Central; also from points on the Central Railroad of New Jersey to points on the West Shore and New York Central, the connecting railroad being used in this instance as an intermediate carrier.

Similarly, the Lackawanna and the Erie, which have a connection at Bergen Junction, near Hoboken, publish switching charges to and from that junction. The Lackawanna also connects with the Pennsylvania at Kearney Junction, near Newark, and joint through rates

are published between all points on the Lackawanna and all points on the Pennsylvania, including Hoboken and Jersey City. The Lackawanna does not connect near the New Jersey shore with the Lehigh Valley or the Central Railroad of New Jersey, but joint rates are published on commodities which move in any volume, the cars being transferred from one terminal to the other on floats. Joint class rates are also published between points on the Lackawanna and points on the Lehigh Valley and the Central, applicable via Phillipsburg and Lake Junction, N. J., junction points 77 miles and 75 miles, respectively, west of Jersey City. The evidence supports the statement made by the general freight agent of the Lackawanna that this company and its connections have established all the rates reasonably necessary for the accommodation of the through traffic offered, and he expresses of record his willingness to publish other joint rates upon reasonable demand. He contends that reciprocal switching arrangements are unnecessary if joint rates are published to cover the desired movement of the car.

Joint class and commodity rates are also published between points on the Central Railroad of New Jersey and points on the Erie. To and from near-by territory the rates apply via the car-float transfer between Jersey City and Weehawken, while the rates to and from distant points apply through junction points farther west, such as Carbondale, Pa. The Erie also connects with the Pennsylvania at Marion, a station approximately 2 miles from the water front at Jersey City, and also with the Lehigh Valley by using the Pennsylvania's tracks at Marion. Joint class rates are published between points on the Erie and points on the Lehigh Valley, Marion being used as the junction on short-haul traffic, and more distant junction points on long-haul traffic. By virtue of certain agreements which it has entered into with them the Lehigh Valley Railroad has given the Pennsylvania, the New Jersey Central, and the West Shore access to industries located on the southern part of the connecting railroad. The points of connection between the various trunk lines on the Jersey shore are indicated in Appendix J.

This somewhat detailed description of the rates and facilities provided by the several trunk lines for the interchange of traffic between them shows that shippers located in Jersey City are accorded a liberal choice of routes over which to ship their products. An industry located on the Pennsylvania in Jersey City, for example, may route his shipments to the west over the lines of the Pennsylvania system, over the Pennsylvania and the Lackawanna, over the Pennsylvania and the Erie, or over the Pennsylvania and the New York Central lines, and in each instance joint through rates are published to cover the movement, or the switching charges of

the originating line are absorbed by the carrier enjoying the line haul. Practically the same situation prevails with respect to eastbound traffic. It is clear, therefore, not only that Jersey City shippers have many routes over which to ship their products, but that consignees there located can likewise be reached over several different routes.

With respect to eastbound traffic the complainants seem to object principally to the fact that the defendants do not provide reasonable switching rates between their terminals on the New Jersey shore to provide for the transfer of shipments which through error on the part of the shipper or consignee have arrived at the wrong terminal. The defendants publish joint rates between their terminals to cover the transfer of such cars, but the rates apply over routes requiring hauls varying in length from 6 to 157 miles, and the complainants contend that the connecting railroad should be used to effect the transfer, making the switching distance only a mile or two. For the purpose of showing the inconvenience to which New Jersey shippers are sometimes subjected because of the lack of more favorable switching arrangements between the trunk lines at Jersey City the complainants have attached to their petition an exhibit describing the movement of 24 carloads of various commodities. The defendants classify one of them as being without the scope of the complaint; six as intrastate shipments and therefore not within our jurisdiction; three as less-than-carload shipments; two as having moved through the nearest available junction point at the specific request of the shipper; and three as having been forwarded under provisions as to reconsignment admitted by the complainant to be reasonable. We consider it unnecessary for the purposes of this case to determine whether, as the defendants contend, three others were intrastate shipments under the rule laid down in *Gulf, C. & Santa Fe Ry. Co.* v. *Texas*, 204 U. S., 403. Five, perhaps six, of the shipments were admittedly within our jurisdiction and within the scope of the complaint, but all of these arrived at the wrong terminal through error on the part of the shipper or consignee.

It was difficult to ascertain at the hearing the exact relief desired by the complainants with respect to the establishment of switching facilities, but it is thus defined in their brief:

> What the complainant wants the Commission to do is to establish through rates between the various delivery points on the trunk line terminals along the Jersey shore via the shortest available route, which in a majority of instances would involve the use of the so-called connecting railroad, heretofore described, and to require these carriers to establish in connection with such routes reasonable switching rates applicable upon interstate shipments.

No prayer is made in the complaint for the establishment of through routes or joint rates, and in the absence of such a prayer we can

not establish them. *Paducah Board of Trade* v. *I. C. R. R. Co.*, 29 I. C. C., 583.

It is clear from the whole record that the complainants are particularly interested in the establishment of reciprocal switching arrangements which will give the shippers of northern New Jersey access to the rails of several carriers on traffic shipped to the west. This relief can not be granted, for reasons already explained. With respect to eastbound traffic they seem to desire nothing less than the establishment of switching charges which will permit shippers, after erroneously billing their shipments to the wrong terminal, to require the carriers to transfer them directly from one terminal to another on the Jersey shore, where the congestion of terminals makes the operation difficult and expensive. The record affirmatively shows that such a transfer would be most inconvenient for the carriers. One of the witnesses for the defendants, whose testimony on this point has not been contradicted, said:

> The freight must be handled through the outlying junctions. If the interchange referred to with the New Jersey Junction (Railroad) be used for the general interchange of traffic, it would be necessary for the Pennsylvania Railroad to take that traffic to their classification yard, 3 or 4 miles distant, and classify it, and get it into the usual movement of traffic for the different deliveries. That section, as well as other sections of New Jersey, is very much congested now, and it is embarrassing to handle the traffic as it is to-day, and if we were to make that a point of interchange for a general movement of traffic, we would simply have chaos. In addition to that, we would have to take that freight from the junction to the classification yard, which would involve probably as much expense, * * * and practically the same haul, as it does to move it to these other junction points where we interchange it * * *.

In most, if not all, the cases referred to the switching movement desired was from the public team tracks at one terminal to the public team tracks at another terminal. The defendants show that it is not the usual practice for carriers to publish switching charges for such movements, because they would have the effect of opening the terminals of one carrier to the cars of another. In *Waverly Oil Works Co.* v. *P. R. R. Co.*, 28 I. C. C., 621, at page 626, we said:

> In this position of the Pennsylvania there is much force. Its terminals at Pittsburgh could not be enlarged materially without great expense and at some places not at all. * * * To open those terminals to its competitors without further compensation than a mere switching charge would, under the circumstances existing at Pittsburgh, seem to be unjust and unreasonable. Take, as an illustration, the Wabash Railroad, which has recently obtained an entrance into Pittsburgh and which has practically no terminal facilities. This road competes with the Pennsylvania for traffic to and from Pittsburgh at many points. Shall it have the right to demand upon the payment of a switching charge an entrance to those terminals?
>
> The claim that to require the Pennsylvania to handle the cars of the Wabash for a switching charge * * * would be to give the use of those terminals

to its competitor has great force. The Supreme Court of the United States has itself apparently so said in *L. & N. R. R. Co.* v. *Stock Yards Co.*, 212 U. S., 139. * * * We do not think that this Commission under the circumstances in this case ought, as a matter of discretion, even if it could as a matter of law, to establish a mere switching charge which * * * competitors of the (defendant) lines can absorb and under which they obtain the virtual use of these terminals.

Even if it had the power to do so the Commission could not, upon the evidence now before it, require the defendants to establish the interterminal switching arrangements sought by these complainants.

RECONSIGNMENT CHARGES.

It is the policy of the carriers serving the port of New York to permit shippers to bill their shipments to "New York lighterage," without more specific designation of the place of delivery, with the understanding that the cars thus billed will be hauled by the carrier to its holding yards on the New Jersey shore, to be forwarded to a point in New York harbor upon the receipt of more definite instructions from the shipper.[1] If those instructions are received before the car reaches the holding point it is forwarded to any point within the lighterage limits without the imposition of any charge in addition to the New York rate, provided, of course, that the commodity is one for which free lighterage is provided in the tariffs. If the instructions are not received before the car reaches the holding point an additional charge of $2 is imposed for forwarding it to the point specified. If the shipper decides, after the arrival of the car at the terminal, to reconsign it to a point in New Jersey, such as Newark or Paterson, a reconsignment charge of $5 is imposed. The complainants allege that "this practice is in itself unreasonable and involves an unreasonable discrimination against the shipments to and from interior New Jersey points."

That this practice operates to the relative disadvantage of industries in New Jersey may be shown by an illustration. The Trexler

[1] The Pennsylvania Railroad's lighterage tariff, for example, contains the following item:

"NEW YORK LIGHTERAGE, OFFICE 8 BROADWAY, NEW YORK CITY.

"This is not a station, but the name given the agency which handles all freight requiring use of water equipment in receiving or delivering freight in New York harbor * * *.

"The rail termini, at which freight is delivered to or received from water equipment for forwarding or delivery, are located at Greenville piers and Harsimus cove (Jersey City), N. J. * * *

"All shipments requiring lighterage delivery must be receipted and billed to 'New York lighterage.' * * *

"All carload shipments for delivery in New York or Brooklyn locally, or to vessels in New York harbor, not consigned to a specific station of this company * * * must be receipted and billed to 'New York lighterage' and will be held in or on cars, piers, or warehouses at Greenville piers or Harsimus cove (Jersey City), N. J., until receipt of written order for disposition from consignee * * *."

Lumber Company, located at Harrison, N. J., a suburb of Newark, has competitors in New York City. The rates on lumber from points in the west to Harrison are the same as the rates to New York. If the Trexler Company orders a carload of lumber from a point in the west, billed to itself at Harrison, and after its arrival decides to reconsign it to a customer in Trenton, N. J., a reconsignment charge of $5 is imposed, in addition to an extra charge for the back haul. If the New York dealer, on the other hand, orders a carload of lumber to be shipped to itself at "New York lighterage" from the same point in the west, and decides after its arrival, but before it leaves the holding yard, to have it delivered to a customer within the lighterage limits, the carrier will perform that service without imposing a reconsignment charge, and no extra charge corresponding to the back-haul rate will be made. This applies to shipments forwarded to points along the New Jersey shore within the lighterage limits as well as to shipments carried across the harbor.

The defendants contend that the difference in transportation conditions justifies the difference in charges. When a car billed to "New York lighterage" arrives at a holding yard in Jersey City, the carrier has not completed its transportation service, for it is well understood that the actual destination of the shipment is not the holding yard but some other point in the harbor, and that delivery is to be made at that point at the New York rate. If, therefore, the shipper requests the carrier to forward the car to a pier station on Manhattan Island, the carrier does not perform an additional line-haul service, but simply continues the movement of the car until it reaches the desired point; and under the circumstances it would clearly be inadvisable to impose a charge similar to the back-haul charge which applies when shipments are reconsigned to points in New Jersey. The $2 charge is in the nature of a penalty imposed upon the shipper for his failure to give timely instructions to the carrier and is intended also as a remuneration to the carrier for the additional service performed. If, on the other hand, a shipper desires to reconsign to a New Jersey point a car which has already arrived in Jersey City, the car must be taken from the classification yard where eastbound freight is usually held, switched to the classification yard provided for westbound freight, put into its proper train, and sent over an entirely different route, the back haul being somewhat in the nature of a separate and distinct transportation service.

The defendants show also that the $5 reconsignment charge is the charge generally provided in their tariffs for the reconsignment of shipments at any points on their lines, and that the privilege accorded to the New York shippers or consignees of changing the destination after the car leaves the holding yard for a charge of $2

is similar to the diversion privilege generally accorded. It is pointed out, for example, that a car originally consigned to Washington, N. J., a point in the New York rate group intermediate to Hoboken, could be diverted to Hoboken for $2, and that no additional charge would be imposed for the line haul from Washington to Hoboken, because both points are in the same rate group.

That the conditions under which freight is delivered in New York harbor are unique is not open to question. The fact that industries located along the shores of Manhattan Island, Brooklyn, and Staten Island have convenient access to the terminals of the rail carriers on the New Jersey shore is attributable principally to favorable natural conditions. Because of the flexibility of the terminal operation, previously discussed, it is but natural that the carriers should accord a terminal service correspondingly flexible. The evidence of record affords no basis for the condemnation of the carriers' practice of permitting cars to be billed in the first instance to "New York lighterage," or for a finding that a similar practice should be established where the same conditions do not exist. To hold that the $5 charge for reconsignment to points in New Jersey is excessive would be tantamount to a general condemnation of the defendants' reconsignment tariffs, and a finding that the $2 charge applied for forwarding a car to points in the harbor is too low would not be supported by the evidence. The circumstances are so different that a difference in practice and in charges is justifiable, and we are unable to conclude that the defendants' rates or practices in this respect are unduly prejudicial or otherwise unlawful. We approved the $2 charge in *New York Produce Exchange* v. *B. & O. R. R. Co.*, 46 I. C. C., 666.

FREE TIME ALLOWED ON NEW YORK TRAFFIC.

On domestic shipments consigned to "New York lighterage" five days' free time is allowed on the New Jersey side of the harbor, and when the car reaches its point of delivery in Manhattan an additional period of free time is allowed—two days for team-track delivery and three days for pier station delivery, making a total free time of seven days or eight days, as the case may be. On traffic consigned to points in the northern part of the state of New Jersey the only free time allowed is the usual period of 48 hours. The complainants allege that the more liberal allowance accorded to New York consignees gives them an undue preference and advantage, to the undue prejudice and disadvantage of consignees in New Jersey.

The principal witness testifying for the complainant with respect to this feature of the case conceded that some additional free time should be allowed for the holding of New York shipments on the New Jersey shore, and that the additional free time allowed in New

York and Brooklyn after the arrival of cars there should not be reduced. He expressed the opinion that three days' free time on the New Jersey shore would be more equitable than five days, but the opinion was not accompanied by evidence which would warrant a definite finding on that point. The admission by this witness that some additional time should be allowed for the holding of cars on the New Jersey shore must be regarded as a recognition of a difference in the conditions, and we are unable to find that the more liberal allowance of free time on shipments consigned to deliveries in Manhattan and Brooklyn subjects the complainant to undue prejudice. Effective February 15, 1917, tariffs were filed by the trunk lines reducing the time allowed for holding on the Jersey shore cars consigned to "New York lighterage" from five days to two days, and in *New York Harbor Storage*, 47 I. C. C., 141, we approved the reduction.

FAST FREIGHT SERVICE FROM NEW YORK.

The following paragraph is taken from the complaint:

> In the New Jersey cities and territory, with a population of over 1,500,000 people, and whose industries represent yearly in and out bound a tonnage of approximately 15,000,000 tons, freight delivered to the trunk lines on the Jersey side is not uniformly placed in the carriers' fast freight manifest trains, and to make certain of this service traffic is extensively trucked to New York from the cities in New Jersey in order to get the benefit of Manhattan's fast freight service. This operates to place upon New Jersey an added cost. This practice is in itself unjust and unreasonable, and involves an undue and unjust discrimination against New Jersey shippers.

The evidence addressed to this point is quite unsatisfactory and fails to sustain the allegation. It is true that several witnesses for complainants expressed their dissatisfaction with the service rendered by the defendant carriers, particularly with respect to traffic to New England points; and in view of the fact that all the steamships plying between New York harbor and points on Long Island Sound sail from the New York side of the harbor, and of the further fact that the New York, New Haven & Hartford has its terminals on that side of the harbor, it is doubtless true that the New Jersey shippers can often save time by trucking their shipments to Manhattan. It is not shown that shipments consigned to points in the west are extensively trucked to New York, unless it be for the purpose of taking advantage of the service offered by the ocean-and-rail routes.

The evidence does show, however, that freight is tendered to the defendants in enormous quantities at their pier stations on Manhattan Island and in Brooklyn, and it is a surprising fact that the less-than-carload tonnage from Manhattan to the west exceeds the

carload tonnage in volume. It is the usual practice to send less-than-carload freight from Manhattan to the west in carloads. It is undoubtedly true that the service is superior to that accorded at points in New Jersey, where the volume of freight offered is much smaller, but witnesses for the defendants testified without contradiction that with this exception the same fast freight service which is maintained from their pier stations in Manhattan is accorded to New Jersey shippers, and that, in fact, the New York and New Jersey freight often moves to the west in the same trains. The advantage enjoyed by the Manhattan shippers with respect to less-than-carload shipments is clearly explained by one of the witnesses, the president of the Bush Terminal Company:

> The merchants in New York are competing with the merchants of other communities, both on the basis of cost of getting their goods from New York to the customer, and on the basis of the time occupied. The element of time, in many cases, is quite as important as the element of cost. If a merchant desiring to ship to some particular city, we will say Pittsburgh, * * * takes his packages to the west side of Manhattan, they can be put into a Pittsburgh car, and * * * the car is moved immediately to the New Jersey shore, put into a fast train, and goes on its way at once, and is delivered more quickly than the same class of package freight originating at other points in the harbor. Those shipments (from other points in the harbor) are loaded into cars for junction points on the various roads. They go to these transfer points or junction points, and are transferred to a freight house; and, as a rule, get to destination 24 to 48 hours later than the shipments which are put in the car for destination on the west side of Manhattan.

While it is undoubtedly true that the service accorded to Manhattan shippers is superior to that enjoyed by their New Jersey competitors and shippers in other parts of the harbor, it must be remembered that there is a marked difference in the transportation conditions. In their brief the complainants express dissatisfaction with the "enormous advantage" enjoyed by the New York shippers by reason of their accessibility to all of the trunk lines. As previously stated, this advantage, which is unquestionably an important one, is due to the flexibility of terminal operation made possible by the use of the harbor waters as "an interior belt line." The defendants could hardly be expected to guarantee to the interior New Jersey cities all the advantages which nature has bestowed upon the communities bordering on the harbor; nor do we feel that we could with propriety accept the complainants' suggestion that if the present rate structure is maintained "artificial means should be devised for giving them (New Jersey shippers) all of the privileges and advantages under the rate structure which New York enjoys." We must conclude, after a careful consideration of the evidence, that the complainants have failed to show that the service rendered by the defendants is unjustly discriminatory or otherwise unlawful.

OPPORTUNITIES FOR FUTURE DEVELOPMENT.

Reference has already been made to the numerous plans which are being made and carried out for the development of the port; to the proposed marginal railroad in Brooklyn, and to the plans of the New York dock department; to the terminals now being constructed by the state of New York for the accommodation of the boats moving through the new barge canal; to the New York Central's proposed improvement on the west side of Manhattan; and to the movement for the better coordination of the port by the construction of bridges or tunnels between New Jersey and Manhattan. Other opportunities for the development of the port may be referred to briefly.

Although a very large part of Jersey City's water front has been preempted by the carriers, there remains one site, known as the South Cove property, available for the construction of a large marine terminal. This property, which lies at the entrance to the Morris Canal, is already owned in part by the city. Near it is what is known as the Little Basin property, also available. An engineer who recently studied the New Jersey water front with a view to determining its possibilities reported that "these two sites—the Little Basin and the South Cove—afford room enough for the construction of from 8 to 10 ample sized steamship piers with the warehouses and car yards necessary for their operation and for factories for an industrial section adjacent to them," and that "for a comparatively modest expenditure a marine terminal could be established there, much to the financial benefit of the city, which would compare favorably in size with the Chelsea terminals in New York or the Bush terminals in Brooklyn and would be infinitely superior to either in point of economy of operation and general desirability as a freight terminal on every logical ground." Newark Bay also offers opportunities for development. The city of Newark has been formulating plans for some time for the reclamation of the marsh lands on the shore of the bay and the construction of wharves and other terminal facilities, and work on these improvements is now progressing.

Working in cooperation with the president of the Bush Terminal Company, the city of Bayonne has recently planned the construction of a great marine terminal to be constructed by the city and if the plan succeeds this terminal, the initial cost of which will be $10,000,000, will be somewhat similar to the large terminals on the Brooklyn shore, but with the added advantage of proximity to the rails of several trunk lines. Large piers will be built for the accommodation of ocean vessels, and there will be warehouses, float bridges, and other terminal facilities. The proposed terminal will

also perform a novel function in acting as a "clearing house" for less-than-carload shipments. We have already seen that Manhattan shippers have an advantage over their competitors in other parts of the harbor because less-than-carload traffic is moved from the west side of Manhattan in solid carloads. The same service can not be rendered in other parts of the harbor because package freight is not offered in sufficient volume to permit the sending of a car float with a load of a dozen cars or more to each railroad terminal. It is proposed to connect the Bayonne terminal with the rails of all the New Jersey trunk lines by means of a belt line on the New Jersey meadows. Less-than-carload shipments could then be loaded into cars at freight stations in various parts of the harbor, cars routed over all the trunk lines could be floated to the Bayonne terminal, and the belt line could distribute them among the several railroads. This would probably provide for shippers in all parts of the harbor the same expeditious service with respect to less-than-carload freight which is now enjoyed only by those who can conveniently truck their freight to the pier stations on the west side of Manhattan.

The Lehigh Valley Railroad has practically completed plans for a modern terminal costing $16,000,000 at Jersey City, and the Lackawanna has recently purchased a valuable site near its Hoboken terminal which it expects to devote to a similar use.

CONCLUSION.

The complainants' contention that the methods of handling both domestic and export traffic at the port of New York must be thoroughly revised if the maximum of efficiency is to be attained is abundantly established by the evidence of record. Adequate freight tunnels under the North River, which apparently could be constructed at a cost small in comparison with the resulting benefits, would make it possible to handle a large portion of Manhattan's freight traffic without the use of lighters or car floats. A large part of the valuable water front on the New Jersey shore, now used almost wholly for the transfer of freight between the rails and the floating equipment, could be released for other and more suitable purposes; the congestion on the west side of Manhattan Island caused by the assembling of countless vehicles at the crowded piers to receive and discharge freight would be considerably relieved; and the pier stations on the Manhattan shore, now taxed to capacity, could be devoted in part to other uses.

We can not with propriety overlook the fact that the terminal problem at the port of New York is due in no small measure to competition between the railroads. With convenient through routes available to the shipping public over the lines of all the carriers,

and with the same rates of freight applying over all the routes, practically the only field of competition left to the railroads is that provided by their separate terminal operations. A shipper will employ the services of the carrier which offers him the most convenient facilities for the receipt and delivery of his shipments. It is this rivalry between the railroads in the matter of terminal service that has induced them to lay hold of almost every available foot of land on the New Jersey side of the harbor. It is this rivalry that prevents the establishment of reciprocal switching arrangements and joint terminal operation on the New Jersey shore, and for the difficulties encountered in endeavoring to persuade the railroads to construct freight tunnels under the river between New Jersey and Manhattan. And it is this rivalry that tempts the carriers to invest large sums in new terminals for their individual use instead of uniting in a common effort to solve in a larger way a problem whose solution can never be attained as long as the present policy of unrestrained competition is continued. It is not too much to expect that the defendants will take immediate steps to reorganize and coordinate their terminal facilities at the port. There can be no justification, especially in a time of national emergency, for a policy that permits certain terminals to be congested with a surplus of freight while at the same time a near-by terminal has not enough traffic to keep it busy. It is necessary that the great terminals at the port of New York be made practically one, and that the separate interests of the individual carriers, so long an insuperable obstacle to any constructive plan of terminal development, be subordinated to the public interest.

The discussion earlier in this report of the plans proposed for the Bayonne terminal, of the marginal railway in Brooklyn, of the improvements of Newark Bay, of the proposed enlargement of the New York Central terminals, and of the plans of the dock department of the city of New York shows that there are almost unlimited opportunities for the development and improvement of the terminal facilities at the port of New York, and one can not study the situation in the light of the evidence of record in this proceeding without being impressed with the fact that the problem of coordinating the terminal facilities and developing them is readily and properly separable from the question of freight rates. Although it has been plainly suggested by certain parties in the present proceeding that a finding in favor of the complainants would induce the carriers to unite their efforts toward bettering terminal conditions at the port, it is clear that the authority to regulate rates was not delegated to the Commission for any such purpose. The methods of handling freight at the port can be revised and improved without specially adjusting the freight rates

with that end in view, and the remarkable growth and progress of the port can best be continued by treating it as an organic whole. Not without significance in this connection is the fact that one of the principal witnesses called by the complainants, for years an advocate of bridges or tunnels to connect New Jersey and Manhattan, expressed the opinion that when the facilities at the port are properly coordinated the rates should be the same to and from both sides of the harbor. The solution of the terminal problem is to be found, not in a change in the rate adjustment, but in the united efforts of the people of the district and the carriers toward the improvement of conditions in which their interests are mutual.

The ever-increasing cost of terminals and of terminal services presents a problem which the carriers must sooner or later face and solve. In the early days, when terminals were small and inexpensive, the cost of the line haul was the most conspicuous item of expense in the transportation service performed by the railroad. The New York Central, for example, employed ordinary team tracks in making its deliveries on Manhattan Island. Its present terminal facilities in Manhattan, including its expensive warehouses and lighterage and floatage equipment, are worth many millions of dollars, and an additional expenditure of more than $50,000,000 in the near future is planned. The plans of the Lehigh Valley and the Lackawanna for new terminals on the Jersey shore have already been mentioned.

The unusual cost of the terminal service at the port of New York and the plans of the carriers serving the port to invest many millions of dollars in new terminals adds peculiar interest to the question whether the railroads can continue indefinitely their policy of rendering valuable terminal services without imposing specific terminal charges therefor. In that connection the comments of one of the witnesses in this case are worthy of careful consideration:

> The essential defect of the country's railroad system is the great cost of terminal handling as compared with the economy of hauling the trains, and nowhere is this defect more in evidence than at New York. Defective city terminals throughout the land must be enlarged, modernized, and integrated. At each city, as in the cities of Europe, the terminals will come to be conducted as administrative units. These changes of policy involve vast expenditures which can only be recouped by terminal service charges, and consequently there must be substituted for the old-fashioned practice of individualistic competing terminals a modern policy of terminal integration and a segregation of terminal charges from hauling charges.[1]

[1] Three days before the hearing in this case the Commission received a letter from the American Association of Port Authorities expressing the view that the lack of a definite and uniform policy with respect to the imposition of terminal charges prevents the proper development of terminals and results in "terminal inefficiency and delay." The association feels that it is particularly important to provide "some system of accounting by carriers wherein they are required to separate their charges for terminal handling from those for main line or through service."

The city of New York, intervener, concedes that "terminals are generally recognized as presenting the great financing problem of the railroads," and the defendants admit that "the cost of terminal service is and should be a feature in the establishment of rates," although they contend that in a case as comprehensive in character as this one the single item of terminal cost should not be permitted to play too important a part.

The preceding observations should not be interpreted to indicate that the complainants in this proceeding offer a solution of the terminal problem at the port. They do not ask that the New York rates be constructed by adding a reasonable terminal charge to the Jersey City rates. On the contrary, they asked at the hearing that the rates to and from the points in northern New Jersey be reduced substantially to the Philadelphia basis, or, in other words, that the Philadelphia rate group, already large, be extended to include northern New Jersey. The granting of this request would hardly be an important step in the direction of scientific rate construction. The defendants show that with the exception of New York and Brooklyn there would be little left of the New York rate group if the complainants' prayer were granted, and they contend that the new Philadelphia group, reaching from the Susquehanna River to the Hudson, and from a point just east of Harrisburg, almost to Albany, would be a "geographical monstrosity." Nor can the interveners refrain from observing that the complainants' desire to be placed on the same rate basis as points almost as far west as the Susquehanna River is hardly consistent with their theory that rates should fairly reflect the cost of the service performed.

Although it is probable that the time will soon come when the carriers will find it necessary to accord adequate recognition in the rate structure to the heavy and ever-increasing expense of terminal operation, it can not be said at the present time that their failure to do so leads necessarily to the conclusion that their rates are unduly prejudicial or otherwise unlawful. In determining the issues presented for our consideration in a case of this character we must give due recognition to the long-established practices of the carriers throughout the country. If it be unlawful for the defendants in this proceeding to regard the whole metropolitan district as a unit for rate-making purposes, we should be obliged to conclude that the practice at San Francisco also violates the provisions of the act. And if the unlawfulness is found to be due solely to the defendants' failure to make their rates reflect all or part of the cost of lighterage, it would seem logically to follow that it is unlawful in any instance for carriers to accord the same rate to different shippers for the performance of services which differ materially in cost.

Although the rate structure will undoubtedly become more logical and more stable as the rates approach more nearly in each instance to the cost of service, we can not condemn a rate solely because it is not constructed on that principle, unless it be clearly shown that the resulting discrimination is undue; and whether or not it is undue can best be determined by a careful consideration of the history of the rate, the reason for its establishment, the nature of the traffic, the competition between shippers and communities, and all other pertinent evidence.

In most of the complaints filed with us alleging a violation of the third section of the act, and involving a relationship between competing cities, it is alleged that the higher rates to and from the complaining city subject it to undue prejudice and give an undue preference to its competitor or competitors. Such a case, for example, was *Chamber of Commerce of Newport News* v. *S. Ry. Co.*, 23 I. C. C., 345, in which the complainant alleged that the rates between Newport News and points in the southeast were unjustly discriminatory and unduly prejudicial because they exceeded the rates between Norfolk and the same points. The evidence introduced in that case showed that Newport News is northwest of Norfolk, a distance of 12 miles across the James River. The only railway reaching Newport News with its own rails is the Chesapeake & Ohio, which has its principal eastern terminal at that point, where it maintains wharves, piers, float bridges, and other terminal facilities. The Norfolk & Western, the Norfolk Southern, the Atlantic Coast Line, the Southern, and the Seaboard Air Line have their terminals on the Norfolk side of the harbor, where they have their wharves, float bridges, and other terminal facilities. The Chesapeake & Ohio also has a terminal at Norfolk, and it transfers freight across the harbor by means of car floats and barges. Its floating equipment is used also by several of the other carriers. We found that Newport News and Norfolk are competing cities; that both have intimate commercial relations with the south; that the rates to and from both points were formerly the same; that Newport News was prejudiced by the higher rates; and we concluded that the rates between Newport News and points more than 150 miles from Norfolk should not exceed the Norfolk rates. In other words, we established an adjustment of rates similar in character to that already existing at the port of New York, and which the complainants in this proceeding allege to be unlawful.

Similarly, in *City of Astoria* v. *S., P. & S. Ry. Co.*, 38 I. C. C., 16, it was alleged that the rates from Astoria, in the state of Oregon, to points in the territory known as the "inland empire" were unduly prejudicial to the extent that they exceeded the rates from Portland and Seattle. The average distance from Astoria to points in the in-

land empire exceeds the average distances from Seattle and Portland by 45 miles and 100 miles, respectively. The defendants contended that if the rates from Astoria were reduced to the Portland basis, Portland in turn, because of its advantage of 100 miles in distance, would seek a still lower basis. In commenting upon that contention we said:

> It is obvious, however, that there is something of a natural relationship in the rates of Seattle, Tacoma, Astoria, and Portland that can not be ignored, and a reduction in the Portland rate to and from the inland empire does not necessarily follow as an inevitable consequence of a reduction in the Astoria rates to the basis of the Seattle and Tacoma rates.

We concluded that the rates between Astoria to a portion of the inland empire should not exceed the rates between Seattle, Tacoma, and Portland and the same territory. In reaching that conclusion we said:

> A careful examination of the record makes it clear that these north Pacific coast ports have a closer geographic and economic relation one to the other than is at this time reflected in the tariffs of the defendant carriers and that the latter in their present rate adjustment unduly discriminate against Astoria and unduly prefer the Puget Sound points.

In view of these decisions it must be conceded that there is merit in the contention of the New York interveners that the metropolitan district should be regarded as a unit, and that lower rates to and from northern New Jersey would subject New York to undue prejudice. Having held that the rates to and from Astoria were unlawful because the north Pacific coast ports have a closer geographic and economic relation one to the other than is reflected in the defendants' tariffs, it is clearly impossible to condemn an adjustment whereby due recognition is given to the geographic, commercial, and economic unity of the metropolitan district of New York. The complainants do not ask that they be placed on a parity with their competitors; they ask that they be given an advantage in rates solely because the defendants incur a greater transportation cost in serving their competitors. It must be apparent that the conclusions in the cases above cited could not have been reached if the factor of transportation cost had been considered of controlling importance.

In their briefs and upon oral argument the complainants suggest, as previously stated, that substantial relief could be accorded by carving out of the present New York rate group a separate zone embracing only the northern part of the state of New Jersey. It must be apparent from the foregoing discussion that the adoption of that suggestion would be inadvisable. The effect of such a course would be to accord a preferential basis of rates to one part of an industrial community, to the disadvantage of another part; the New York Central situation, previously discussed, would make it almost

impossible for a rate structure so constituted to endure; the New York rate group would consist only of Manhattan and Brooklyn and a few other points; Staten Island would logically be entitled to the lower basis of rates; and if, as the complainants suggest, the rates to and from the proposed new group were made 2 cents lower than the New York rates and 1 cent higher than the Philadelphia rates, the spread in rates between New York and Philadelphia would be increased from 2 cents to 3 cents, disturbing a relationship that has obtained for years. If northern New Jersey may properly ask to be removed from the New York group, Connecticut would seem to be warranted in asking, for similar reasons, that it be removed from the Boston group. A rigid application of the cost principle would lead to a complete change in the whole rate structure here under consideration.

In giving comprehensive consideration to such a problem as is here presented we must accord due weight to the history of the rate adjustment. If in the development of the rate fabric in past years recognition had been given to the expense of the terminal service on both sides of the harbor, with a view to affording the carriers in each instance reasonable remuneration for the terminal service, it is not improbable that a more satisfactory and enduring rate structure would have resulted, and it would perhaps be difficult now to require the extension of the rail rates so as to include lighterage. But such has not been the history of the adjustment. Competitive forces that the carriers have not been able to ignore have exerted their influence and have had the effect of bringing to a common level most of the rates to and from this great industrial community. We are not prepared to say that the carriers' recognition of the competitive influences, resulting as it has in an equality of rates throughout the zone, is essentially unlawful. The violence that would be done to all interests by ignoring the growth and development of the rate structure and requiring a readjustment on technical grounds would be very great. It may be observed, however, that the position taken by the complainants is in a measure justified from an economic viewpoint, and that while at the present time all parts of the metropolitan district may with propriety be grouped for rate-making purposes, there may come a time when the burden of handling the enormous tonnage in and out of the port will be so onerous that Manhattan itself may need such relief as lower rates to and from the New Jersey shore would in part afford.

After carefully considering and weighing the voluminous evidence in the record before us we can not conclude that the rate adjustment has unduly prejudiced the people of the northern part of the state of New Jersey, or that the solution of the terminal problem at the port lies in the proposed readjustment of the freight rates; and in

considering the situation here presented the Commission can not with propriety overlook the fact that bills have been introduced in the legislatures of the states of New York and New Jersey providing for the appointment by the governors of those commonwealths of state commissions to study jointly the situation at the port and make appropriate recommendations, "to the end that the said port shall be efficiently and constructively organized and furnished with modern * * * piers, rail and water and freight facilities, and adequately protected in the event of war." If we could overlook the fact that historically, geographically, and commercially New York and the industrial district in the northern part of the state of New Jersey constitute a single community; if we could disregard the fact that the freight rates in this country are not and never have been constructed solely with regard to the specific cost of operation; if it were not clear that the establishment of rate groups is in some instances beneficial alike to the carriers and to the public; if we could forget for the moment that both sides of the port of New York always have been and doubtless always will be accorded the same rates by the boat lines; were it not for the fact that to grant the relief asked would inevitably disrupt the whole structure of rates to and from the Atlantic seaboard, and this without any substantial showing by the complainants that the present adjustment operates to their actual injury; if we could disregard the fact, abundantly established by the evidence of record, that the communities of northern New Jersey have prospered under the present rate adjustment; and if we were not persuaded that cooperation and initiative must eventually bring about the improvements and benefits which the complainants hope to attain through a change in the rate adjustment; then we might conclude that the present rates result in undue prejudice to the people and the communities on whose behalf this complaint was filed. On the evidence now before us that conclusion can not be reached.

The complaint contains a number of other allegations not supported by the evidence. No evidence was submitted in support of the complainants' prayer for the establishment of certain switch connections between the lines in New Jersey, or in support of the allegation that the class rates from Jersey City to points in New Jersey are materially higher than the rates maintained by the individual lines for single-line hauls, and that the difference is not warranted by the transportation conditions. These are intrastate rates and not within our jurisdiction.

The complaint will be dismissed.

COMMISSIONERS AITCHISON, WOOLLEY, and ANDERSON did not participate in the disposition of this case.

APPENDIX A.

Mileage operated by railroads with terminals at New York harbor; filed in the record as Lincoln Exhibit No. 2.

Carriers with terminals on New York side:	
Baltimore & Ohio (including C., H & D.)	5,616.04
Long Island Railroad	398.48
New York Central lines, excluding West Shore	12,318.31
New York, New Haven & Hartford	2,312.62
Central Vermont (Grand Trunk)	411.20
Total	21,056.65
Carriers with terminals on New Jersey side:	
Central Railroad of New Jersey	677.93
Delaware, Lackawanna & Western	959.81
Erie Railroad system	2,547.60
Lehigh Valley Railroad	1,443.74
New York, Ontario & Western	568.46
Pennsylvania System (excluding L. I. R. R.)	10,526.55
Philadelphia & Reading	1,448.11
West Shore	[1] 479.11
Total	18,651.31

[1] As the West Shore is operated by the New York Central, it would apparently be fair to credit the New Jersey side with a large part of the mileage of the New York Central system.

APPENDIX B.

Number of principal steamship lines with sailings from various parts of the port of New York; filed in the record as part of Lincoln Exhibit No. 1.

Number of lines from Manhattan, Brooklyn, and Staten Island.	Sailing to—
38	European ports.[1]
15	West Indies and Mexico.[1]
15	Central and South America.
5	Australia and New Zealand.
5	African ports.
7	China, Japan, and Philippines.
5	East Indies and Ceylon.
1	Pacific ports.

[1] Service of Austro-American, Phoenix, and Red Star lines to Europe, and Hamburg-American (Atlas service) and Royal Mail Steam Packet Co. to West Indies and Mexico discontinued during the war.

Total, 91 lines from New York side.

From Jersey City and Hoboken.	Sailing to—
Hamburg-American [1]	Genoa, Naples.
Hamburg-American [1]	Germany, etc.
Holland-American	Amsterdam-Rotterdam.
Lloyd-Sabando	Genoa, Naples.
North German Lloyd [1]	Bremen, Genoa, etc.
Scandinavian-American	Christiania, Copenhagen, Stettin.
Swedish-American line	Stockholm, Gothenburg.
Trans-Atlantica-Italiana	Italy.
Wilson line	Hull, Newcastle, and Baltic ports.

[1] Service discontinued during war.

Total, 9 lines from New Jersey side.

APPENDIX C.

Commerce of New York as compared with Boston, New Orleans, Philadelphia, Baltimore, and Galveston. Customs districts in each case. Annual average value of exports and imports stated by 10-year periods, 1861–1913, inclusive. Filed in the record as Emory R. Johnson Exhibit No. 2.

Ports.	Average annual value of imports.	Per cent of total for United States.	Average annual value of exports.	Per cent of total for United States.	Average annual value of imports and exports.	Per cent of total for United States.
1861-1870:						
New York	$227,408,703	64.8	$137,648,066	34.5	$365,056,769	48.7
Boston	35,967,959	10.2	13,397,628	3.3	49,365,587	6.5
New Orleans	6,884,028	1.9	35,695,965	8.9	42,579,993	5.7
Philadelphia	11,516,632	3.2	10,697,226	2.6	22,213,858	3
Baltimore	9,691,370	2.7	9,636,169	2.4	19,327,539	2.5
Galveston	221,405	.06	3,133,547	.8	3,354,952	.4
1871-1880:						
New York	357,430,909	66.7	269,565,783	45.7	626,996,692	55.7
New Orleans	13,244,561	2.4	79,120,011	13.4	92,364,572	8.2
Boston	52,421,466	9.7	33,422,197	5.6	85,843,663	7.6
Baltimore	23,542,156	4.4	34,151,144	5.2	57,693,300	5
Philadelphia	23,584,576	4.4	31,162,248	5.7	54,746,824	5
Galveston	1,383,235	.2	14,387,692	2.4	15,770,927	1.4
1881-1890:						
New York	460,475,896	66.3	339,724,966	44.4	800,200,864	55.1
Boston	63,637,221	9.2	63,135,671	8.2	126,772,892	8.6
New Orleans	11,195,278	1.6	86,612,929	11.2	97,808,207	6.7
Philadelphia	38,478,519	5.5	36,093,616	4.7	74,572,135	5.2
Baltimore	13,333,911	1.9	51,334,249	6.6	64,668,160	4.4
Galveston	1,322,914	.1	19,682,955	2.4	21,005,869	1.4
1891-1900:						
New York	490,142,932	64.2	397,291,510	38.8	887,434,442	49.6
Boston	68,463,638	9	97,360,668	9.7	165,824,306	9.3
New Orleans	16,207,859	2.1	96,730,005	9.5	112,937,864	6.3
Baltimore	13,630,713	1.7	86,898,808	8.4	100,529,521	5.7
Philadelphia	50,450,865	6.4	49,963,545	4.7	100,414,410	5.6
Galveston	1,080,312	.1	51,069,128	4.7	52,149,440	2.8
1901-1910:						
New York	697,726,032	60.5	575,271,730	35.5	1,272,997,762	45.9
Boston	96,669,251	8.3	95,422,645	5.8	192,091,896	7
New Orleans	37,079,867	3.1	150,172,374	9.3	187,252,261	6.8
Galveston	3,385,920	.2	150,182,062	9.3	153,567,982	5.4
Philadelphia	64,125,104	5.5	81,215,180	5	145,340,284	5.2
Baltimore	26,231,394	2.2	90,218,198	5.6	116,449,592	4.2
1911-1913:						
New York	968,542,546	58.1	840,815,693	37.4	1,809,358,239	46.2
Galveston	5,220,447	.3	240,036,290	10.6	245,256,737	6.2
New Orleans	74,737,094	4.4	163,992,160	7.2	238,729,254	6
Boston	130,829,969	7.6	70,259,636	3.1	201,089,605	5.4
Philadelphia	87,391,503	5.3	71,780,485	3.2	159,071,988	4
Baltimore	30,502,680	2.1	97,935,387	4.3	128,438,067	3.4

APPENDIX D.

Separate tonnage of the New York Central Railroad, the Erie Railroad, and the Erie and Champlain canals.

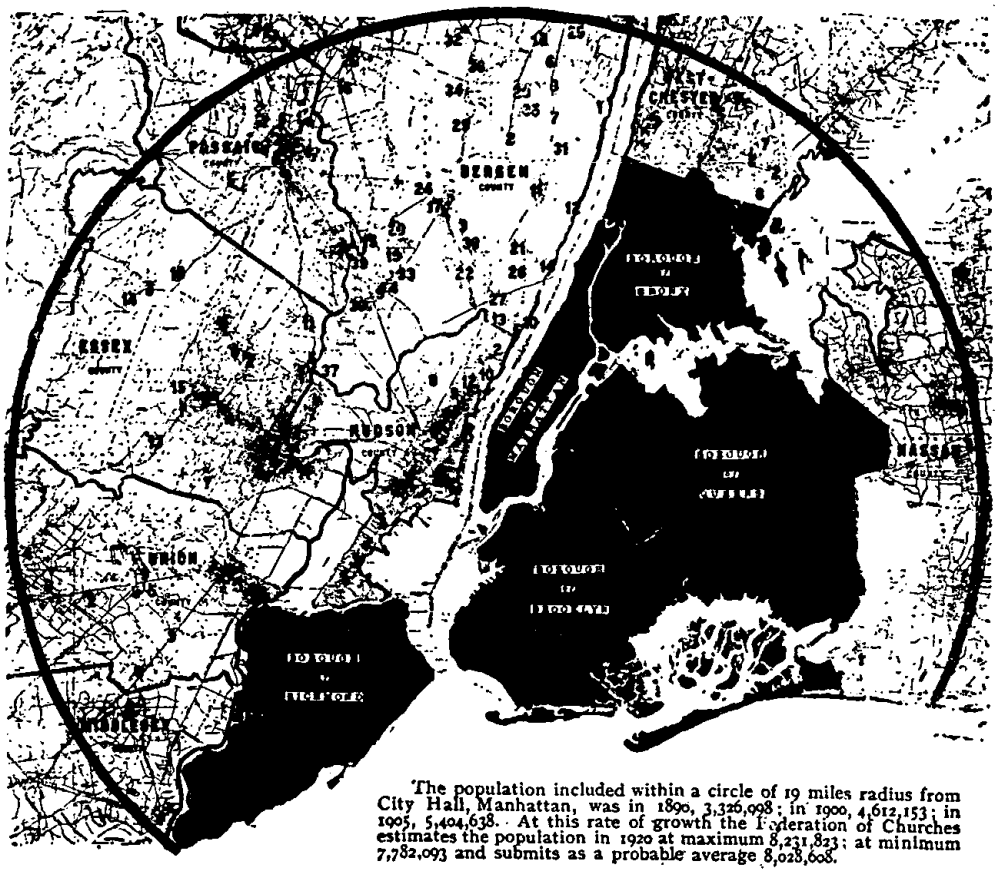
Year.	N.Y.C. R. R.	Erie R. R.	Canals.	Year.	N.Y.C. R. R.	Erie R. R.	Canals.
1853	360,000	631,039	4,247,853	1885	10,733,499	10,233,489	4,731,784
1854	549,804	743,250	4,165,862	1886	12,636,485	18,668,238	5,293,982
1855	670,073	842,048	4,022,617	1887	14,531,726	13,949,260	5,553,805
1856	776,112	943,215	4,116,084	1888	15,162,812	15,174,009	4,942,948
1857	838,791	978,066	3,344,061	1889	15,011,541	14,084,132	5,370,369
1858	765,407	816,954	3,665,192	1890	16,108,441	16,269,656	5,246,102
1859	834,319	869,073	3,781,684	1891	16,621,576	17,339,140	4,563,472
1860	1,028,183	1,139,554	4,650,214	1892	20,721,752	18,334,716	4,281,995
1861	1,167,302	1,253,418	4,507,635	1893	21,312,072	17,309,198	4,031,963
1862	1,387,433	1,623,955	5,598,785	1894	18,728,592	15,305,260	3,882,560
1863	1,449,604	1,815,096	5,557,692	1895	19,741,495	12,928,530	3,500,314
1864	1,557,148	2,170,798	4,852,941	1896	22,123,617	22,562,243	3,714,894
1865	1,275,299	2,234,350	4,729,654	1897	20,649,810	19,443,898	3,617,804
1866	1,602,197	3,242,792	5,775,220	1898	23,403,439	22,547,529	3,360,063
1867	1,667,926	3,484,546	5,688,325	1899	25,356,474	22,660,236	3,686,051
1868	1,846,599	3,908,243	6,442,225	1900	37,586,496	26,501,104	3,345,941
1869	2,281,885	4,312,209	5,859,080	1901	37,403,122	24,817,112	3,420,613
1870	4,122,000	4,852,505	6,173,769	1902	42,552,586	26,248,575	3,274,610
1871	4,532,956	4,844,208	6,467,888	1903	38,081,380	30,586,743	3,616,385
1872	4,393,965	5,564,274	6,673,370	1904	36,379,655	28,992,293	3,138,547
1873	5,522,724	6,312,702	6,364,782	1905	39,734,512	30,791,733	3,226,896
1874	6,114,678	6,364,276	5,804,588	1906	43,268,731	35,434,584	3,540,907
1875	6,001,954	6,239,946	4,859,858	1907	45,967,208	38,201,663	3,407,914
1876	6,803,680	5,972,818	4,172,129	1908	41,980,236	32,860,498	3,051,877
1877	6,351,358	6,182,451	4,955,963	1909	40,894,086	32,000,752	3,116,536
1878	7,695,413	6,150,568	5,171,320	1910	46,642,539	37,630,297	3,073,412
1879	9,015,753	8,212,641	5,362,372	1911	46,893,761	36,502,080	3,097,068
1880	10,533,038	8,715,892	6,457,556	1912	48,571,491	35,544,620	2,606,116
1881	11,591,379	11,086,823	5,179,192	1913	55,582,087	40,026,986	2,602,035
1882	11,330,393	11,895,238	5,467,423	1914	51,198,706	37,282,554	2,080,850
1883	10,892,440	13,610,623	5,684,956	1915	64,287,881	35,257,739	1,858,114
1884	10,212,418	11,071,938	5,009,488	1916	[1] 103,860,652	42,786,933	1,625,050

[1] Large increase in tonnage may be accounted for in the consolidation of the Lake Shore & Michigan Southern Railroad with the New York Central.

APPENDIX F.

REPORT OF THE INTERURBAN COMMITTEE
...OF THE...
NEWARK BOARD OF TRADE
DECEMBER, 1906

NORTHERN NEW JERSEY CONSIDERED AS PART OF
THE PORT OF NEW YORK



The population included within a circle of 19 miles radius from City Hall, Manhattan, was in 1890, 3,326,098; in 1900, 4,612,153; in 1905, 5,404,638. At this rate of growth the Federation of Churches estimates the population in 1920 at maximum 8,231,823; at minimum 7,782,093 and submits as a probable average 8,028,608.

REPRODUCED THROUGH COURTESY OF FEDERATION OF CHURCHES

APPENDIX F.

National Docks Ry., Lehigh Valley R. R.

Index.	Reference.	Station.	State.	Rate basis and waybilling instructions.
				New York rates and New York per cents; routing in connection with Merchants Despatch, Merchants Despatch-Dairy line, embracing the following lines: Red, White, Blue, West Shore, North Shore Despatch, Pere Marquette.
2	.....	Constable Hook	N. J.	
4	.....	Bayonne City	N. J.	
6	.....	East Twenty-second street.	.....	House and track deliveries, C. L. and L. C. L. when so consigned.
8	.....	East Forty-ninth street	.....	
12	.....	Jersey City	N. J.	Waybill to Weehawken, N. J., via West Shore R. R., and specify delivery required.
		Communipaw avenue	.....	Billing via Red, White, and Blue lines should show N. Y. C R. R. proportions in percentages for the West Shore R. R.
		National docks	.....	
		Eagle Oil Refinery	.....	Deduct before prorating, 3 cents per 100 pounds for service of N. D. Ry. from Weehawken, N. J.

[1] Indicates addition.

LIST OF INDUSTRIES.

The National Docks Railway connects with the West Shore Railroad at National Junction, Jersey City, N. J., and reaches various industries located in Jersey City, Bayonne, and Constable Hook, N. J., as follows:

Industry.	Delivery required.
*American Radiator Co	East Forty-ninth street, Bayonne City, N. J.
American Type Founders Co	National Docks, N. J.
Atlantic Brass Co	Communipaw avenue, Jersey City, N. J.
*Bayonne Building Co	East Twenty-second street, Bayonne City, N. J.
Bayonne Launch Co	East Forty-ninth street, Bayonne City, N. J.
Bayonne Lumber Co	East Twenty-second street, Bayonne City, N. J.
Bergen Point Sulphur Co	Constable Hook, N. J.
Bishop-Babcock-Becker Co	Communipaw avenue, Jersey City, N. J.
*Bishop & Babcock Co	Do.
Boyle Co., J. F	Do.
Bussing Co., F. W	Do.
*Collins, Lavery & Co	National Docks, N. J.
Courtney, Frank	Communipaw avenue, Jersey City, N. J.
*Dixon Crucible Co., Jos	Do.
*Federal Creosoting Co	Constable Hook, N. J.
*General Baking Co	Communipaw avenue, Jersey City, N. J.
Hudson Terminal Ice Co	East Twenty-second street, Bayonne City, N. J.
*International Nickel Co	Constable Hook, N. J.
*Lackawanna Bridge Co	East Forty-ninth street, Bayonne City, N. J.
Macbeth & Co., James	National Docks, N. J.
Manhattan Electrical Supply Co	Communipaw avenue, Jersey City, N. J.
Messereau Metal Bed Co	Do.
Morris & Cummings Dredging Co	East Forty-ninth street, Bayonne City, N. J.
National Boat Co	Do.
*National Grocery Co	Communipaw avenue, Jersey City, N. J.
*National Storage Co	National Docks, N. J.
Ogden Co., J. E	East Forty-ninth street, Bayonne City, N. J.
*Pacific Coast Borax Co	Constable Hook, N. J.
*Packard Co., R. G	East Twenty-second street, Bayonne City, N. J.
*Standard Oil Co	Bayonne City, N. J.
Do	Constable Hook, N. J.
*Standard Oil Co. (Eagle Wks.)	National Docks, N. J.
*Star Expansion Bolt Co	East Forty-ninth street, Bayonne City, N. J.
*Vacuum Oil Co	Constable Hook, N. J.

*Industries having this reference prefixed have track connection with National Docks Ry.

APPENDIX G.

Statement showing tonnage of eastbound and westbound freight handled at the New York City stations of the New York Central Railroad and the West Shore Railroad during the calendar year 1916; filed in record as Kallman Exhibit 10½.

Station.	Eastbound.	Westbound.	Total.
One hundred and thirtieth street; Forty-second street; Thirty-third street; St. John's park; Desbrosses street; Franklin street; Barclay street; pier 4, East River; pier 34, East River	*Tons.* 2,547,578	*Tons.* 889,706	*Tons.* 3,437,284
	Both eastbound and westbound.		
	Local traffic.	Lighterage traffic.	
Sixtieth street	*Tons.* 45,639	*Tons.* 2,130,170	2,175,809
Total for all stations One hundred and thirtieth street and south			5,613,093
	Eastbound.	Westbound.	
Westchester avenue	*Tons.* 509,486	*Tons.* 210,226	719,712
Grand total			6,332,805

APPENDIX H.

Commutation travel to New York City, 1900–1916.

[Based on 60-trip monthly commutation tickets, unless otherwise stated. The index number indicates the relative increase in travel over the yearly average in 1900–1902 taken as 100.]

NEW YORK RAILROADS.

Year.	Long Island R. R.			New York Central R. R. (including West Shore R. R.).			New York, New Haven & Hartford R. R.	
	Total ticket sales.	Average per month.	Index number.	Total ticket sales.	Average per month.	Index number.	Total trips in and out of Grand Central terminal.	Index number.
1900	[1] 50,000	4,167	100.00	82,681	6,890	91.02	2,132,774	93.56
1901				91,987	7,666	101.27	2,278,918	99.97
1902				97,830	8,153	107.70	2,427,196	106.47
1903	.....	.....	.....	101,750	8,479	112.01	2,576,992	113.04
1904	.....	.....	.....	107,083	8,924	117.89	2,673,225	117.27
1905	76,644	6,387	153.28	120,627	10,052	132.79	2,930,864	128.57
1906	88,794	7,399	177.56	130,286	10,857	143.42	3,185,103	139.72
1907	106,208	8,851	212.41	116,034	9,670	127.74	3,479,124	152.62
1908	108,429	9,036	216.85	106,565	8,880	117.31	3,876,109	170.03
1909	125,873	10,489	251.72	119,077	9,923	131.08	4,198,699	184.18
1910	142,427	11,869	284.83	124,441	10,370	136.99	4,211,936	184.76
1911	162,318	13,526	324.60	129,253	10,771	142.29	4,083,417	179.13
1912	182,046	15,170	364.05	141,475	11,790	155.75	4,003,954	175.64
1913	203,886	16,990	407.73	154,851	12,904	170.46	3,892,380	170.75
1914	216,728	18,060	433.41	161,980	13,498	178.31	3,983,610	174.75
1915	226,391	18,866	452.75	169,145	14,095	186.20	4,199,425	184.22
1916	254,803	21,233	509.55	191,671	15,973	211.00	[2] 4,084,861	195.48

[1] Estimated average. [2] For 11 months.

The corresponding increase in New Jersey suburban travel in and out of New York is as follows:

[Whitney's Exhibit I.]

NEW JERSEY RAILROADS.

	Central R. R. of New Jersey.			Erie; Lehigh Valley R. R. Co.		Delaware, Lackawanna & Western R. R.[1]	
	Total ticket sales.	Average per month.	Index number.	Total ticket sales.	Total ticket sales.	Total trips in and out of Grand Central terminal.	Index number.
1900	52,011	4,334	97.17	.....	.....	6,631,060	92.54
1901	53,632	4,469	100.20	.....	.....	7,141,692	99.66
1902	54,934	4,578	102.65	.....	.....	7,724,360	107.80
1903	57,680	4,807	107.78	.....	.....	8,302,130	115.86
1904	61,619	5,135	113.13	.....	.....	8,838,886	123.35
1905	67,169	5,597	125.49	.....	.....	9,554,024	133.33
1906	78,033	6,503	145.81	.....	.....	10,553,196	147.27
1907	85,383	7,115	159.53	.....	.....	11,549,552	161.18
1908	86,547	7,212	161.70	.....	.....	12,236,124	170.76
1909	90,334	7,528	168.79	.....	.....	13,522,012	188.70
1910	90,369	7,531	168.85	234,849	1,401	13,855,240	193.35
1911	92,585	7,715	172.98	239,188	1,295	13,102,460	182.85
1912	94,659	7,888	176.86	245,685	1,313	12,767,120	178.17
1913	96,474	8,039	180.25	251,900	1,281	12,873,760	179.66
1914	98,208	8,184	183.50	254,307	1,256	12,774,670	178.28
1915	99,946	8,329	186.75	257,000	1,278	12,847,490	179.29
1916	106,199	8,850	198.43	[2] 247,120	[2] 1,145	13,348,720	186.29

[1] Number of passengers carried between New York City and points in New Jersey as computed from 10, 46, 50, and 60 trip tickets sold. (Bureau of Statistics and Accounts, Jan. 15, 1917.)
[2] For 11 months.

APPENDIX J.

CONNECTIONS BETWEEN TRUNK LINES AT OR NEAR NEW YORK HARBOR TERMINALS.

Lehigh Valley:

P. R. R. Direct connection at Point of Rocks, near Jersey City, now used for interchange of freight.

C. R. R. of N. J. Has certain trackage rights over portion of L. V. R. R. near Jersey City-Claremont to National Junction.

West Shore. Direct connection just south of Newark avenue and Seventh street, Jersey City.

Lackawanna. No direct connection near terminal, but certain traffic interchanged under through rates by car floats.

Erie. No direct connection, but freight interchanged under joint rates by using P. R. R. tracks at Marion (Croxton).

C. R. R. of N. J.:

West Shore. No connection, but freight interchanged by using L. V. for short distance at Communipaw. Joint rates published.

Lackawanna. No direct connection near terminal, but certain traffic interchanged under joint rates by car floats.

Erie. No connection near terminal, but certain traffic interchanged under joint rates by car floats.

L. V. R. R. Direct connection near terminal and C. R. R. has trackage rights over portion of L. V. R. R., Claremont to National Junction.

Pennsylvania:

L. V. R. R. Direct connection at Point of Rocks, near Jersey City, now used for interchange of freight.

Erie. Direct connection at Marion (Croxton) in western part of Jersey City.

Lackawanna. Direct connection at Kearney Junction, near Harrison.

West Shore. Direct connection at Newark avenue and Seventh street, Jersey City, with Harsimus Cove branch. Is used for interchange.[1]

Erie:

West Shore. Direct connection at Weehawken.[1]

Pennsylvania. Direct connection at Marion (Croxton) in western part of Jersey City.

Lackawanna. Direct connection at Bergen Junction, near Hoboken.[1]

C. R. R. of N. J. No direct connection, but certain traffic interchanged under joint rates by car floats.

Lehigh Valley. No direct connection, but certain traffic interchanged under joint rates by using P. R. R. tracks at Marion (Croxton).

Lackawanna:

Erie. Direct connection at Bergen Junction, near Hoboken.[1]

P. R. R. Direct connection at Kearny Junction, near Harrison.

C. R. R. No direct connection near terminal, but certain traffic interchanged under joint rates by car floats.

L. V. R. R. No direct connection near terminal, but certain traffic interchanged under joint rates by car floats.

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[1] Switching charges already published on certain traffic.

West Shore:

Erie. Direct connection at Weehawken.[1]

P. R. R. Direct connection at Newark avenue and Seventh street with Harsimus Cove branch. Also at Brunswick street. Is used for interchange.[1]

Lehigh Valley. Direct connection just south of Newark avenue and Seventh street, Jersey City. Used for through freight under joint rates.

C. R. R. of N. J. No connection, but freight interchanged by using L. V. for short distance at Communipaw. Joint rates published.

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[1] Switching charges already published on certain traffic.