

A REMARKABLE STATEMENT

By Joseph Nimmo, the Eminent Statistician.

Magnitude of Our Internal Commerce—The American Railroad System—The Great Declination in Railroad Rates—Products of Labor.

On the 16th of June, Hon. Joseph Nimmo, Jr., LL. D., the eminent statistician, delivered an address on the internal commerce of the United States and the law of its development before the National Statistical Association at the Columbian University, Washington, D. C.

The association was so impressed with the great importance of the subject and the manner of its treatment by Mr. Nimmo, that it voted to present the same to Congress and ask for its reference to the commerce committee of the house.

We present the address herewith, omitting the introductory paragraphs relative to the value of statistical treatment and the place of statistics in political economic questions. The sub-heads throughout the address have been inserted by us, Mr. Nimmo said:

The Government of the United States has never attempted to collect statistics in regard to the quantities or values of commodities transported in the conduct of the internal commerce of the United States, and for the simple reason that it is an impracticable and vain attempt to collect such statistics would clog the wheels of commerce, involve an annual expenditure of public money probably exceeding the carrying charges of the canals, and become such a source of embarrassment that it would fail of accomplishment at the very outset.

THE PRODUCTS OF LABOR. Although it is impossible to arrive at any precise statement, or even approximate estimate as to the value of the internal commerce of the United States, it is entirely practicable to arrive at an approximate estimate as to the total value of the products of labor in the United States—information of much greater practical value. Ample statistics upon which such an estimate can be based are furnished by the National census.

ENORMOUS VALUES. The census valuation of products of mining \$220,822, is also probably something below the true value of all products of that great industry, although more nearly correct than the total for agriculture or manufactures. So, making due allowance for omissions and undervaluations, it appears safe to say that the value of the products of labor in the United States during the census year of 1890 amounted to fully fifteen thousand million dollars (\$15,000,000,000).

PRODUCTS OF TRANSPORTATION. Many of the products of agriculture, of mining, and of manufacture are the subjects of transportation and of trade several times on their way from the original producer to the consumer. The services of the trader or merchant also add to the value of the products of labor. Nor must we lose sight of the vitally important service rendered to the internal commerce of the country by the banker, for the commodities and products of labor from producer to consumer also acquire a considerable additional value through the finance of commerce.

VALUATION OF ALL PRODUCTS. Still it is possible to arrive at a fair estimate as to the total value of such products as can be assigned to all the products of labor in the United States during the census for 1890, in the form in which they reached the final articles of the consumer. Without going into the detail of estimates I believe it amounts to fully eighteen thousand million dollars a year—\$18,000,000,000. It is impossible to appreciate clearly the significance of such an enormous amount except through comparison—for it is an accepted truth that the human mind can form no adequate conception of what even one million imports. The comparison which is most instructive in a politico-economic sense is that between the foreign and internal commerce of the United States.

part of which produces a constitutional disturbance which is felt to the remotest corner of every other part. The statistics which represent the enormous proportions of the domestic over the foreign markets available to the producers of this country therefore clearly indicate the wisdom of maintaining the policy of defending these protected conditions under which our home markets have been so enormously developed.

REASON AND EXPERIENCE. Unite in the conclusion that it is utterly impossible to maintain simultaneously the policy of defending American rates of wages and the values which such wages sustain and the policy of recourse to foreign values, maintained by the much lower rates of wages. The very apprehension of the adoption of a policy based upon recourse to foreign values has caused a disturbance of vitally important commercial conditions in our history, and a reduction of values and of wages extending to every branch of domestic enterprise by a law as inoperative as that of water seeking its level.

VALUE OF FIGURES. As a rule, subject to a very few exceptions, the statistics collected for purely business purposes are most valuable to the public in solving problems and in determining and adjusting the conflicting claims of rival interests. I refer particularly to the statistics published by sources of trade, chambers of commerce, commercial and industrial associations and railroad companies. The railroad transportation statistics of chief value are those relating to mileage, cost of road and equipment, tonnage carried, receipts, expenditures and above all statistics in regard to transportation charges. The carriage of passengers is the most important item of commerce—so is the transmission of telegraphic messages.

THE OLD SYSTEM. Men who have not yet passed the meridian of life remember when each railroad company in this country was, and strove to remain a law unto itself. The various companies repelled the idea of joint traffic of every sort, including joint freight charges and the common use of cars. Besides certain of the more powerful railroads, in a word, the extension of their lines to secure a widely extended control of the commerce of the country, and thus to gain the power of protecting their interests against the competition of rival roads.

COMPETITION OF RIVAL ROADS. And against the competition of commercial forces. But all this proved to be in vain. The commercial and economic tendencies toward railroad unity, toward the joint use of tracks, the common use of freight cars, and the establishment of ten thousand interdependent copartnership relations between companies, was irresistible.

COMBINATIONS. That combinations among common carriers, in all ways of commerce were more or less subject to the objections urged against combinations generally cannot be denied. And yet it is an established fact that the combinations among railroads, which are not and in the nature of things cannot become free highways of commerce, have been productive of a far greater benefit than resulted in an enormous reduction of rates and fares. This is no longer a debatable question. It is patent to the observation of every one that the law which has slight attention to the evolution of the American Railroad System—that most gigantic and coercive of all combinations, the competition thus evolved relates not only to rival transportation lines but chiefly to that subtle and all-pervading competition which has been created among rival trade centers and rival productive areas. The result of this complex and forceful competition are to-day clearly read in unimpeachable statistics, as follows:

Table with 4 columns: Year, Average Rate Per Ton Per Mile, Year, Average Rate Per Ton Per Mile. Data points for years 1873-1892 showing a general downward trend in rates.

WONDERFUL DECREASE IN RATES. The average rate per ton per mile for the transportation of freights of all descriptions on the lines of eighteen of the principal railroad corporations of the United States fell from 1873 to 1892 from 1.895 cents per ton per mile in 1873 to .799 of one cent per ton per mile in 1892. In other words, the average charge in 1873 was about two and a half times as great as the average charge in 1892. The reductions were gradual. They clearly indicate the stress of persistent and enduring forces. This is indicated by the following data showing the average rate per ton per mile charged on the railroads referred to, from the year 1873 to the year 1892:

THE TOTAL VALUE OF EXPORTS. From the United States during the year 1890 was \$845,000,000. This constituted but 4.7 per cent of the estimated value of the products of labor. Take from the domestic exports of the United States in 1890 the value of the exports of cotton, amounting to \$251,000,000, and we find that the exports of products of labor from the United States—embracing all products of agriculture other than cotton, and all products of manufactures and of mining—constituted but 4.3 per cent of the estimated total value of such products.

RELATION OF INTERESTS. Just here it appears proper to advert to the fact that the agricultural, manufacturing, mining, transportation, commercial and financial interests of the United States exist not as independent entities but as intimately related members of one great sensitive commercial and industrial organism, the hurt of any one

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of rates. In the light of history such discriminations now appear to have been inevitable incidents of the transition from a disconnected to a closely connected and intimate trade. The course of ASSOCIATED NATIONAL RAILROAD SYSTEM. The complaints which these discriminations evoked were proclaimed in the halls of Congress, and in time the pressure brought to bear upon national legislation for the regulation of the railroads a political necessity. The Congressional investigation which led to the scheme of regulation which was adopted was conducted by the Senate Committee on Interstate Commerce, of which Senator Cullom of Illinois was Chairman. The report of that committee was submitted to Congress January 18, 1888. It was one of the most voluminous, and I hesitate not to say, the most valuable treatise ever presented to the Government upon the subject of transportation. As a legislative achievement it reflected the highest honor upon its distinguished author, Senator Cullom.

THE PRACTICAL RESULT. Of this great report was the passage of the Act to Regulate Commerce embracing the establishment of an Interstate Commerce Commission charged with the duty of investigating all infractions of the law and of passing upon them. The commission was endowed with no administrative authority, in the sense of that which is now authorized to interfere with the general authority exercised by the administrative officers of the railroad corporations; nor was it given the power to make laws. It was simply empowered to exercise the moral influence of its mediatorial offices, and to report to the Federal courts all cases which it might deem it proper to abide by its decisions. In this way it was enabled to institute judicial proceedings for the enforcement of the provisions of the act. In a word, the commission was under the provisions of the Act to Regulate Commerce, endowed only with the function of effecting justice in the conduct of railroad rates against the through the force of the soundness of its decisions and of its representative character as an exponent of public sentiment. Beyond that came the power of the Federal judiciary, and every facility was provided for invoking the exercise of that power.

UTILIZING MORAL FORCES. The bill presented by Senator Cullom was in some degree premature, and the governmental administration. It was regarded by its author as a tentative measure, but time has proved it to be one of the wisest and most judicious which it ever devised. It voiced the growing tendency of the age toward utilizing moral forces to the utmost in the maintenance of justice and order, and being the only one in its kind, it was adopted as such as possible in reserve. For while the commission under the guidance of Judge Cooley, its Chairman, proceeded in its assigned duty admirably, the railroad obeyed its mandates in fear and trembling, and, for while, peace reigned within our borders, but no human authority ever existed very long without having its powers tested.

THE COMPETITIVE FORCES. Which were involving the American railroad system were in constant equilibrium. Competitive forces, maintaining in favor of competing interests, and unjust discrimination were, as formerly, their inevitable concomitants. Although the courts decided in favor of the report committed itself fully to the ideas upon which its functions had been determined by the Act to regulate commerce, the Chairman, Judge Cooley, soon after became the proponent of a new theory of railroad regulation.

IT CAME ABOUT THIS. The companies having appealed from certain decisions of the commission, the courts decided in favor of the report, and invested with no judicial authority whatsoever. The distinguished author of "Constitutional Limitations" expressed his dissent to this view, and urged the commission must be endowed by Congress with a clearly defined judicial function. This opinion was adopted in the fourth annual report of the commission, submitted November 9, 1890, wherein it was declared that the decisions of the commission should not only be binding, but that full judicial authority; that the commission should become a full-fledged branch of the Federal judiciary. But the courts steadily adhered to the views in favor of the commission, and the power of rate-making—the plan proposed being to subject all rate sheets to governmental revision. This involved the monstrous proposition of making the National Government responsible, not only for the course of the development of the internal commerce of the United States, but for the commercial prosperity of each part of and the whole of this vast country. It has been remarked that when a great corporation leans upon an ordinary man, the ordinary man is at a disadvantage. The proposition thus made to the legislator was as astounding as anything recently promulgated from any source, and it is not surprising that the ship and control of the railroads, but it is eliminated by its enormous statistical conclusion.

TRUE AMERICANISM. The distinction between the regulation of commerce in the interest of justice and order and the administrative control of commerce is as broad as that between liberty regulated by law and Governmental imperialism. The one is true Americanism, while the other is unmitigated despotism, for despotic power can be exercised under the form of democratic government, as well as under the forms of monarchy. Nevertheless, under the inspiration and influence of Judge Cooley, Congress was asked to place upon the brow of the Interstate Commerce Commission the triple crown of moral, administrative and judicial functions. Such an admixture of Governmental powers has never been exhibited on this planet except in the case of an absolute monarchy wielding at once the legislative, executive and judicial functions of government.

A CLEAR ISSUE JOINED. The contention of Judge Cooley constituted a clear-cut conflict between the judgment of a great statesman and the judgment of a distinguished jurist in regard to the ordinary man's question of public policy. The jurist had ventured into a field of speculation completely outside of judicial determination, while the statesman, Senator Cullom, with nearly forty years of vigorous experience behind him as a lawyer, State and National legislator, and Governor of a great State, had projected his ideas into a range of thought and

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