Livestock Sanitary Commissioner's Office, correspondence, 1926-1929

Section 36, Pages 1051 - 1080

This collection contains correspondence regarding indemnities for cattle killed by tuberculosis, concerns over the findings of veterinary inspection, discussion of an outbreak of rabies among Kansas dogs that affected cattle, complaints of veterinary treatments killing animals, and general discussion about livestock diseases. The correspondence is mostly between the Livestock Sanitary Commissioner and various livestock owners throughout Kansas.

Creator: Kansas. Livestock Sanitary Commission

Date: June 1926-September 1929

Callnumber: Livestock Sanitary Commissioner, Correspondence, 1926-1929

KSHS Identifier: DaRT ID: 310296

Item Identifier: 310296

www.kansasmemory.org/item/310296

Defendants' evidence as to the peculiarities of the traffic, the special facilities necessary, the special services performed, and the low revenue derived, is similar to that offered in the original case. The facts as to these matters are well known and need not be gone into in detail here, but a short discussion of some of them is desirable in order that they may not be overlooked.

The nature of the traffic is such that it must be handled with the utmost care. Stock is easily injured. Damage claims are often filed if it reaches the market too late for advantageous sale or shrinks unduly on account of delay in transit. In 1924 the amount of the loss and damage claims paid by the principal western roads on live stock constituted about 9 per cent of the total amount of loss and damage claims paid on all traffic, although the live stock revenue was but 4.76 per cent of the total freight revenue. The increases in the value of live stock during the past few years have tended to materially increase claim payments. They exceed 2 per cent of the live stock revenue, averaging perhaps considerably more than $1 per car.

Live stock loads lighter than most all other kinds of carload traffic that move in substantial volume. According to data furnished by 27 carriers* operating more than half the total railroad mileage in the western district the average carload of live stock contains but about 35 per cent as much revenue-producing tonnage as the average carload of other traffic in the west, the figures being

* Chicago & North Western; Chicago, Rock Island & Pacific System; Chicago, St.Paul, Minneapolis & Omaha; Missouri Pacific; Kansas, Oklahoma & Gulf System; Minneapolis, St.Paul & S.S.Marie; Missouri, Kansas & Texas Lines; Northern Pacific; St.Louis-Southwestern System; Arizona Eastern; Spokane International; Wabash; Louisiana Ry.& Navigation Co. of Texas; Chicago, Milwaukee & St.Paul; Chicago Great Western; Duluth & Iron Range; Ft.Smith & Western; International & Great Northern; Kansas City Southern System; Louisiana Ry.& Nav.Co.; Midland Valley; St.Louis-San Francisco System; San Antonio & Aransas Pass; Spokane, Portland & Seattle; Texas & Pacific; Western Pacific; Denver & Salt Lake. Certain other carriers not included did not have the desireddata available. Some that were included handle very little live stock, while others are among the principal carriers of that commodity.

approximately 10.5 tons for live stock, as compared with nearly 30 tons for other carload freight. Complainant contends that the average loading of the majority of cars containing revenue freight, including less-than-carload, is no greater than the average of the cars containing live stock. No good reason appears, however, for considering the majority of cars; nor for including less-than-carload freight, the expenses and revenue incident to which are not fairly comparable with those incident to carload traffic.

During the past decade the average loading of carload freight in general in the west appears to have increased about 15 per cent, but due to the inherent nature of the commodity no economies in this respect have been practicable in the case of live stock, the average loading now being substantially what it was in 1914. It would therefore appear that if in 1914 the rates on live stock were properly related to the rates on other traffic, the present rates on live stock fail in considerable measure to contribute in fair proportion to the revenues of the carriers.

Trains made up wholly or largely of live stock also contain somewhat less revenue tonnage than do other trains. This is due not only to the light per-car loading of live stock, but also to the fact that live stock must be gotten to destination with despatch and the trains must not be so heavily loaded as to retard their speed nor so long as to otherwise interfere with expedited movement. It is frequently necessary to run a special, or even a regular, train with only a few cars of live stock. The nature of the traffic prevents holding the cars until a full and economical trainload is available for movement.

Special equipment is necessary for live stock and it is not generally usable for other commodities. Loading and unloading pens and chutes must be provided, not only at points where the traffic originates and where it is delivered, but at intermediate points as facilities for stopping stock in transit for water, feed and rest.

Many of the special facilities used for the live stock traffic, lie idle much of the time, earning nothing on the investment.

The law requires the carriers to bear the expense of loading and unloading the live stock at public stock yards and at points where it is stopped for water, feed and rest, though most all other carload freight is loaded and unloaded by the shipper.

Live stock is handled with greater expedition than is most other traffic except perishable traffic such as fresh fruits, vegetables and meats. Special runs by locomotives are frequently made in gathering the stock and getting it under way promptly after loading, particularly where it originates on branch lines, as a large proportion of it does. The live stock trains from one division point to another are frequently, if not generally, moved at a speed several miles per hour greater than that of most other trains. Live stock is also given expedited movement into and out of division terminals along the way. Special trains frequently run with only a few cars in order to reach division terminals and markets on time. However, in connection with the foregoing discussion it should be stated that as to full train movements between large division terminals the differences as against live stock in the matter of direct train expenses are apparently not very substantial. It should also be said that a large proportion of the live stock is handled most of the distance from point of origin to destination in lots of several cars or even in solid trainloads, and is so delivered at stock yards, avoiding the breaking up of the trains and switching individual cars to different parts of the city for delivery.

Expedition is necessary in order to avoid as much as possible stoppage-in-transit for water, feed and rest. The recent change in the 28-hour law, permitting stock to be transported 36 hours without unloading, in case the shipper authorizes it, has relieved the carriers to some extent in respect of this matter.

Shippers send caretakers with the stock and no charge is made for their transportation. The caretakers generally ride in cabooses, though there are roads that furnish special equipment known as "drovers" cars. Free return transportation on regular passenger trains is provided if the caretaker has accompanied two or more cars of live stock to destination. The caretakers are expected to look after the welfare of the stock in such a way as to reduce loss and damage claims and relieve railroad employees of certain duties in that connection, but they are more or less of a burden on the carriers and the practical value of their services is doubted by defendants.

One of the largest items of expense chargeable to the live stock traffic is the empty car movement, which is unusually heavy. Based on a study made by nine western carriers for October, 1923, it appears to be about 86 per cent of the loaded car mileage, as compared with about 25 per cent for box cars, in which most shipments move. Incidentally, it may be stated that the empty car mileage on refrigerator cars for the month stated was about 72.5 per cent; on coal cars about 80 per cent; on flat cars about 63.5 per cent; and on tank cars about 103.5 per cent of the loaded car mileage. The relative empty movement of stock cars was exceeded only by that of tank cars.

Four of the most important of the western carriers made a study to determine the extent to which live stock traffic contributes to their revenues in proportion to the utilization of equipment. It was found by the Union Pacific that in 1923, live stock contributed about 10 per cent of the carload revenues, while the equipment used represented 15 per cent of all the equipment employed in the movement of carload traffic. The data of the three other carriers shows even greater disparities against the live stock traffic.

The average ton-mile revenue on live stock in the west is about twice as great as the average for all carload traffic, but the average per-car revenue, due to thelight loading, is only a little over two-thirds of what it is on other carload traffic. The consolidated data of the 27 western carriers, already referred to, for the year 1923 indicate that live stock yielded about 21.6 cents per car-mile and that traffic other than live stock and its products yielded about 30 cents per car-mile. The average hauls did not differ substantially, being 219 and 205 miles, respectively.

Defendants contend that their present rates on live stock are even below the cost of the service and are casting a burden on other traffic. In this connection they offer the results of a special study which was based on data furnished by the 27 western carriers above referred to. From the total expenses of freight operation for these carriers in 1923, determined according to the commission's formula, were deducted the platform and clerical expenses chargeable to less-than-carload traffic, leaving an amount representing only the hauling expenses of less-than-carload traffic and the total expenses of carload traffic. With this as a basis it was determined that the average expense per loaded car-mile, excluding the less-than-carload terminal costs, was 21.3 cents,or substantially equal to the average car-mile revenue for these carriers on live stock, which as above stated, was 21.57 cents per car-mile. The average revenue per loaded car-mile for all traffic was 29 cents.

The above study assumes that the expenses incident to this traffic are the same as on all carload traffic. However, as has already been made clear, the live stock traffic, due to its inherent nature, and the special facilities, expedited movement and empty car mileage necessary, entails much more expense than carload traffic in general. Defendants contend that the expense is greater by at least 20 per cent. On this basis, which appears reasonable, the car-mile expenses on live stock, instead of being 21.3 cents as on other carload traffic, are 25.56 cents, or about 4 cents per car-mile in excess of the car-mile revenue derived, to say nothing of interest on investment. Under the Hoch-Smith resolution agricultural products, including live stock, are entitled to rates just as little above the cost of the service as is compatible with the maintenance of adequate transportation, and rates on other traffic may have to bear the balance of the burden necessary to a proper return on the values of the carriers' properties, but if the rates are non-compensatory, any governmental action requiring their reduction or even their continuance would amount to confiscation, be violative of the Federal constitution, and, therefore, null and void.

Defendants urge that they are in no financial condition to stand any drains on their revenue resources. They have not for years past earned what Congress, the courts, and this commission have declared to be reasonable returns on their book values or their values as estimated by this commission. It is an interesting, if not a significant, fact that most of the principal carriers of live stock are in particularly poor financial condition.

According to defendants' estimate the reductions sought, averaging about 33-1/3 per cent, would mean a loss to them of something like $25,000,000 per annum. This loss would fall with particular weight on the carriers in the central west, that is, those serving that portion of the country embraced by the state of Illinois Wisconsin, Iowa, Missouri, Nebraska, Kansas, eastern Colorado and adjacent territory. Among these carriers are numbered the Chicago & North Western, Chicago, St.Paul, Minneapolis & Omaha, Chicago Great Western, Chicago, Milwaukee & St.Paul, Chicago, Rock Island & Pacific, Chicago & Alton, Chicago, Burlington & Quincy, Omaha & Kansas City, Minneapolis & St.Louis and Union Pacific. Most of these carriers obtain from about 6 to 10 per cent of their revenue from live stock, and the reductions sought would be very serious. For some they would be almost disastrous, being sufficient to impair materially their ability to pay their fixed charges. Several of them are now in receivers' hands and several others have recently passed through receiverships. The reductions sought, if applied to the 1923 traffic of the Chicago & North Western, would have resulted in a loss to that carrier of $3,346,421, equivalent to 21.2 per cent of the total net operating income. For many years prior to 1921 the Chicago & North Western paid 7 per cent on its common stock. The distribution was reduced to 5 per cent in 1921 and to 4 per cent in 1922, which has been since maintained. The reduction in rates sought would have prevented the payment of any of the 4 per cent dividend in 1922 or perhaps, in any other year since 1922, rendering this carrier's bonds illegal investments for savings banks, trust companies and insurance companies in many states where they are now held by such institutions. The reductions contended for, coupled with the rate reductions required in other cases and with certain wage increases made in 1925, would, if effective during 1925, have put the Chicago & North Western on the verge of a receivership.

In view of their evidence to the effect that the present rates are non-compensatory, defendants ask that they be authorized and directed to make an increase of at least 20 per cent in their live stock rates, contending that they are entitled to it as a matter of right under the constitution and that it is necessary to satisfy the requirements of those provisions of the interstate commerce act and the Hoch-Smith resolution which contemplate the removal of all unlawful preferences and discriminations. To prove with mathematical exactness the extent to which the rates under consideration may be non-compensatory is impossible, but the record establishes to a reasonably satisfactory degree that in the aggregate they are below the cost of the service to the extent claimed. Whether the present rates are non-compensatory everywhere in the west or only in certain sections does not appear. Instead of the horizontal increase proposed by defendants, it may be more appropriate that such increases as may be made be placed where they are particularly needed to bring the rates to a proper and more uniform level. The rates in the central west, for instance, where the live stock movement is heaviest and where the principal carriers that are in poor financial condition have their principal lines, are considerably lower than in the southwest. This matter may also be considered in Ex Parte No. 87, Revenues in Western District and Docket No. 17000, Rate Structure Investigation, now pending.

The record establishes that the rates assailed as a whole are not unreasonable. A special contention urged by Sioux City and Kansas City live stock interests is dealt with below.

LONG VERSUS SHORT-HAUL RATES

Sioux City and Kansas City live stock interests, interveners in No. 15686, though not specifically urging a return to the pre-war rates, seek substantially a restoration of the pre-war rate relationships as between markets which draw their live stock mainly from nearby producing points and markets which receive their supplies largely from distant points. They contend that the general increases and reductions of recent years have resulted in a distorted rate structure and have left the short-haul rates too high. The situation complained of is due partly to the fact that in applying the percentage increases under General Order No. 28, a maximum increase of 7 cents per 100 pounds was observed, and partly to the fact that subsequently rates in excess of 50 cents were generally reduced 20 per cent, while lower rates were reduced only 10 per cent. A few instances of the effect of these different reductions on the rates may be noted: Pre-war rates that were 30 cents are now 50 per cent greater than they were; pre-war rates that were 44 cents are now 25 per cent greater than they were; and pre-war rates that were 85 cents are now only 16 per cent greater than they were. The table following shows some instances of the alleged unduly preferential treatment given St.Louis and Chicago, as compared with Kansas City, in the reduction of cattle rates below the post-war peak:

From	To	Rate at post-war peak	Present rates, representing 20 per cent reduction	Present rates, representing 10 per cent reduction	Reduction in cents per 100 pounds
Salina, Kans.	(Chicago	56.5	50.		6.5
	(St.Louis	44.5		40.	4.5
	(Kansas City	24.5		22.	2.5
Pueblo, Colo.	(Chicago	74.5	58.5		16.
	(St.Louis	63.	50.		13.
	(Kansas City	54.		46.5	7.5
Purcell, Okla.	(Chicago	70.	56.		14.
	(St.Louis	58.	50.		8.
	(Kansas City	48.5		43.5	5.
Atoka, Okla.	(Chicago	73.	58.5		14.5
	(St.Louis	61.	50.		11.
	(Kansas City	48.5		43.5	5.
Panhandle, Tex.	(Chicago	77.	61.5		15.5
	(St.Louis	63.	50.5		13.5
	(Kansas City	52.		47.	5.

A similar but more pronounced situation is the subject of attack by Oklahoma City live stock interests in No. 16113, and this will now be explained. In Investigation of Alleged Unreasonable Rates on Meats, 22 I.C.C. 160, and 23 I.C.C. 656, the commission fixed a reasonable scale of live stock rates, commonly referred to as the 1716 scale, for application interstate on live stock from points in New Mexico, Texas and Oklahoma to Fort Worth, Oklahoma City and Wichita. Later in Shreveport-Texas Cattle, Lignite, Wood and Tan Bark, 48 I.C.C. 283, a similar scale was prescribed for application in Texas and between Shreveport and Texas points. Under General Order No. 28, the rates provided by these scales were increased 25 per cent subject to a maximum increase of 7 cents per 100 pounds. Subsequently, the Director General canceled the rates based on the 1716 scale and published in lieu thereof, and practically throughout the southwest, rates based on the scale prescribed in the case last cited, except that for distances in excess of 780 miles the scale was graded up instead of blanketed. The scale as so modified will be hereinafter referred to as the Shreveport scale. In the territory where the 1716 scale applied the revision, for distances up to 380 miles, resulted in increases of from .5 to 1.5 cents, for distances over 380 miles and less than 410 miles it entailed no changes, while for distances over 410 miles, it resulted in reductions of from .5 to 4 cents. The revision was in furtherance of the Director General's efforts toward greater simplicity and uniformity in rate structures. The Shreveport scale was adopted in preference to the 1716 scale largely because it represented the latest action of the commission in respect of live stock rates in the southwest. After Federal control there came the general increases and reductions, which further increased the disparities in favor of the long-haul rates. In view of this situation the Oklahoma City live stock interests allege that the rates on cattle, hogs, sheep and goats from points in Texas and Oklahoma to Oklahoma City are unreasonable and unduly prejudicial as compared with the rates from points in Texas to Wichita, Kans., and Kansas City, St. Joseph and St. Louis, Mo. Reparation is asked on shipments made during the three years immediately preceding the filing of the complaint. There were several interventions. A similar complaint involving the intrastate rates from Oklahoma points to Oklahoma City is now pending before the Oklahoma Commission, Cause No. 5751, and another, involving the intrastate rates from Texas points to Fort Worth is pending before the Texas Commission, Docket No. 2297. These two cases were heard under the cooperative plan and jointly with No. 15686, and with Nos. 16113 and 16131, hereinafter dealt with.

Rates based on the Shreveport scale as modified by the subsequent general increases and reductions have been prescribed from Kansas City and related points to Oklahoma and Texas points, See Swift & Co. v. Director General, 62 I.C.C. 166; Wilson & Co. v. Director General, 62 I.C.C. 17; and Kansas City Live Stock Exchange v. A. & S. Ry. Co., 81 I.C.C. 482. The carriers, though not admitting the unlawful preference growing out of the long-haul rates, are willing to correct the situation complained of, if the commission finds it to be unlawful, by increasing the long-haul rates.

It is contended by the Kansas City, Sioux City and Oklahoma City interests that the reduced disparities between the short-haul and the long-haul rates have tended to divert the traffic away from markets near the producing points. It is claimed, for instance, that Kansas City is now getting business from Texas that formerly went to Oklahoma City; that St. Louis is now getting business from Oklahoma that formerly went to Kansas City; and that Chicago is getting business from Nebraska and South Dakota that formerly went to Sioux City; and that this business would be restored to the short-haul markets if the pre-war relationship of rates were re-established. There is reason to believe that the readjustment may have had to a greater or less extent the effect claimed, for the greater reductions accorded the distant markets, in many cases amounting to $10 or $15 per car, gave those markets a talking point that they used in the solicitation of business. A difference of several dollars per car is worth considering, particularly as to low grade stock such as moves largely to Oklahoma City. The

Kansas City, Sioux City and Oklahoma City interests seem to fear that an unduly large proportion of live stock is going to Chicago and St. Louis for slaughter and detrimentally affecting the packing centers farther west. An effort was made to show some specific instances in which the flow of the traffic was changed by the readjustment, but in view of other facts surrounding the sale of live stock, it is a difficult matter to prove satisfactorily the extent to which that effect was produced. In connection with this matter of diverted traffic, it is interesting to note that the Oklahoma City interests in No. 16113 are asking in No. 16131, hereinafter dealt with, that the rates on stock cattle from Oklahoma and Texas points to Kansas City be reduced 25 per cent, without seeking any such reduction in the rates to Oklahoma City. This would seem to leave their claims of undue prejudice in this case resting on a rather unstable foundation.

Producers naturally prefer to send their stock to the large markets, where there are a greater number of buyers. Some of the smaller markets near the points of production have been losing business during the last few years and this is said to be due partly to the limited number of buyers. It is urged that reduced rates to these markets may so increase the movement as to bring more buyers, who would bid against each other, render better service, and otherwise make these markets more attractive.

It is urged that the greater reductions on long haul than on short-haul rates tend to concentrate the business in large centers like Chicago, increasing the supply there and depressing the markets that control the prices of live stock throughout the west. We are asked to conclude that the greater reductions in the long haul than in the short-haul rates so reduced live stock prices that the reductions did the producers more harm than good.

The Kansas City, Sioux City and Oklahoma City interests, though recognizing that ordinarily long-haul rates on traffic in general should be relatively lower than short-haul rates, say that this is not true to the same extent with respect to live stock rates, because live stock moving short distances does not have to be stopped in transit for water, feed and rest, whereas for this purpose, so far as long-haul traffic is concerned, special facilities must be provided, and additional services performed that are the practical equivalent to those attending a new and separate shipment. They say further that the long-haul traffic moves principally to the large cities, requiring relatively more expedition and entailing greater delivery costs; also that the long hauls on live stock result in shorter hauls on the products, and that this means less efficiency in transportation, as the movement of the products is a less expensive service.

As already stated, the matter of greater reductions in long haul than in short-haul rates was specifically considered on reargument in the original case, and decided contrary to the shippers' contentions. The following language was used.

> In our original report we pointed out at page 118 that the long-haul rates had always been relatively high and that the percentage basis of increase applied in 1920 resulted in greater rate increases per unit for the longer hauls than for the shorter hauls. It was with the thought that these long-haul rates might be unduly burdensome in the marketing of live stock under the serious economic conditions then obtaining in the industry, that the reductions recommended would tend to restore better rate relationships between the producers, and that reductions in the higher rates might benefit the carriers as well as the industry, that we made our recommendations with respect to these rates. We deem unfounded the contention that all rates, irrespective of their measure, are equally burdensome in the marketing of live stock. Doubtless the short-haul rates are in many instances, a burden, but that burden is not as great upon the shipper who can reach market with a short haul as it is upon the shipper who must pay the higher long-haul rate to reach that or any other market.

The rates complained of are not in excess of reasonable maxima.

RATES ON STOCK CATTLE.

In No. 16131 it is alleged that certain rates on stock cattle from Oklahoma and Texas points to Missouri River markets as far north as Sioux City, and to interior points in Missouri, Iowa and Nebraska are unreasonable to the extent that they exceed 75 per cent of reasonable beef cattle rates. Reparation is asked on shipments within the statutory period preceding the filing of the complaint. There were several interveners, who seek the same relief.

The movement of stock cattle is generally from the southwestern and far western ranges to points in the central west, where the stock is pastured and fattened for slaughter. There is also some movement to large markets and from those markets to feeding grounds. Considerably over 75 per cent of the cattle from Texas and about 40 per cent of the cattle from Oklahoma consigned to Kansas City consists of stock cattle. Kansas City is the largest stock cattle market in the country.

The present rates from and to the points in question are the same on stock cattle as on beef cattle. The 75 per cent basis sought was prescribed in the cases hereinbefore cited involving live stock rates in the southwest. That basis has for years applied more or less generally in the territory served by the western group of carriers. It applies from Kansas City to Oklahoma and Texas points. It applies from Oklahoma and Texas points to points just outside the switching limits of Kansas City. It is not generally applied to large markets on the Missouri River, such as Kansas City and Omaha, the carriers apparently fearing that the reduced rates would be used on cattle going to slaughter. It does apply to Fort Worth, Oklahoma City, Wichita, Los Angeles, Calif., and Denver, Colo., at all of which points there are packing houses, but the difficulties of policing the traffic are less onerous at these smaller markets. The rates from Oklahoma and Texas points to Denver and Wichita and those applicable generally in the southwest are much lower than those to Kansas City for similar hauls. The 75 per cent basis, if applied to Kansas City, would bring the rates into closer harmony.

Instances are cited in which the failure of the carriers to publish rates on stock cattle on the basis sought results in the application of through rates that exceed the aggregates-of-intermediate rates. For example, the rate on stock cattle from Oklahoma City to Gardner, Kans., near Kansas City, is 29 cents, and that from Gardner to Kansas City, 8 cents, making a combination rate of 37 cents, as against the specific through rate of 43 cents. Incidentally, the rate in the reverse direction, that is from Kansas City to Oklahoma City, is 39 cents. Departures from the fourth section, such as those above referred to, were apparently covered by Fourth Section Application No. 461 until October 21, 1925, on which date Fourth Section Order No. 9129 became effective, denying relief. Authority for certain departures from the long-and-short-haul was denied by Fourth Section Order No. 8976, effective A_ugust 20, 1925.

Stock cattle are quire generally loaded considerably above the minimum weight but as it is often impracticable to weigh the cars or to otherwise obtain the exact weights before delivery is made, the carriers in those cases transport some tonnage without charge. They accordingly ask that a higher minimum be provided on stock than on beef cattle in the event the 75 per cent basis is required.

The live stock rates are so low that the commission should get away from the policy of requiring the establishment or maintenance of lower rates on stock cattle than on beef cattle. The rates complained of, including those that exceed the aggregate-of-intermediates, are not in excess of reasonable maxima.

In No. 15565, a Fort Worth organization of live stock interests alleges that the rates on cattle from points in Texas to Kansas points are unreasonable, unjustly discriminatory, unduly preferential and violative of section 4 of the act. Complainant is interested mainly in the rates on stock cattle and seeks rates thereon for the future on the basis of 75 per cent of reasonable beef cattle rates.

The Shreveport scale, as modified by the general increases and reductions, which as previously stated, applies quite generally in the southwest, also applies from Texas points to Wichita, Arkansas City and certain other points in southern Kansas. To the balance of the state there are specific rates which are higher than those named in the scale and higher than apply southbound. These rates are also relatively higher tham those from Kansas City, Mo., to Kansas points for much shorter hauls. The rates from some Texas points in common-point territory to Kansas points are higher than those from points in Texas differential territory and points in New Mexico to Kansas points. Some of the rates assailed exceed the aggregate-of-intermediates. They fall into the same category as those considered above in No. 16131. Some rates are published in cents per 100 pounds and others in dollars and cents per car. The minimum weights differ. Obviously, the present adjustment is rather complicated, contains many inconsistencies and results in much confusion. Complainant asks that the Shreveport scale as at present modified be applied from Texas points to all Kansas points, stock cattle rates to be made 75 per cent of those on beef cattle. This would result in many reductions. Defendants say that if any readjustment is made it should be on the basis of a scale they suggest, which is much higher than the scale suggested by complainant. They say that the latter is too low, particularly in view of the fact that much, if not most, of the traffic here involved moved from and to points on branch lines.

The present rates are not shown to be unreasonable or otherwise unlawful.

In No. 15468, live stock and packing house interests at Cleveland, Ohio, allege that the rates on ordinary live stock, in carloads, from points in Iowa, Missouri, Kansas, Nebraska, Wisconsin, Minnesota, South Dakota, and part of Illinois to Cleveland, Ohio, were and are unreasonable and unduly prejudicial. Proper rates for the future and reparation are asked. There were several interventions.

The rates assailed were originally based on the combinations of locals or locals and proportionals to and from Chicago or the Mississippi River. However, the so-called Kelly rule applied. Under that rule, in apparently most instances, the present rates are substantially less than the combinations, because in applying the 25 per cent increase under the Director General's General Order No. 28 a maximum increase of 7 cents per 100 pounds was observed in connection with the combined factors, whereas the separate factors themselves were more generally made to reflect the full 25 per cent increase. The present rates from the principal points to Cleveland range from about 30 to 80 cents per 100 pounds. As a rule they are from .5 to 10 cents below thecombinations.

Complainants urge that in amounts the present rates too nearly approach the combinations and seek reduced rates based on a scale is substantially the same as that prescribed in South Dakota R.R. Commissioners v. C. & N. W . Ry. Co., 77 I.C.C. 451, and which would mean, on the whole, a reduction of probably 20 per cent in the present rates.

Complainants find it necessary or desirable as a business proposition to draw live stock direct from western territory. The increased amount of live stock slaughtered by eastern packers and the comparatively small supply in the territory immediately tributary to Cleveland requires complainants to go farther west year by year for part of their supply. The live stock slaughtered by Cleveland packers is bought in competition with other packers and the prices are regulated largely, if not chiefly, by the prices at Chicago.

Defendants contend that the present rates are not in excess of reasonable maxima and that the reduced rates sought would be confiscatory. The characteristics of the live stock traffic and the low level of rates thereon in the west have been dealt with above. The rates here under consideration are based on some of the lowest rates in the west. Those sought by complainant are substantially less than those prescribed for general application in central territory in Eastern Live Stock Case, 36 I.C.C. 675, which rates are used as basic factors east of Chicago and the Mississippi River in making the rates assailed. While the density of traffic generally in the territory east of Chicago and the Mississippi River is much greater than in the western territory, the density of live stock traffic is relatively much lighter in the east than in the west. The usual basis of rates from the west to the east is the combination on Chicago or the Mississippi River and defendants contend that live stock rates, since they are substantially less than the combinations, are at least to that extent subnormal. The service performed in getting the stock through the Chicago terminals is particularly expensive and in itself justifies the application of combination rates, say defendants. Live stock yields much less per car than does most other traffic from and to the points in qestion.

The rates assailed are not shown to be unreasonable or unduly prejudicial.

The complaints in all the cases should be dismissed.

Livestock Sanitary Commissioner's Office, correspondence, 1926-1929

THE WICHITA UNION STOCK YARDS COMPANY
WICHITA — The market that Satisfies — KANSAS

OFFICE OF
TRAFFIC MANAGER

May 19, 1927

Mr. J. H. Mercer, Secretary,
Kansas Live Stock Commission,
Topeka, Kansas.

Dear Mr. Mercer:

Your letter of May 14th. The law gives the Interstate Commerce Commission supreme control over intrastate rates wherever they conflict with or cause discrimination against interstate traffic.

To permit a lower basis to become effective in one section and not in another section of territory covered by the same tariff, as now proposed, creates a palpable discrimination, which the Commission has always acknowledged is unlawful.

The Commission has also ruled repeatedly that the stocker basis should be approximately 75 percent of the beef cattle rate, and it is within the province of the Commission to avoid discrimination by directing carriers to publish on five days notice, the same stocker basis between points in Kansas, included in Southwestern Lines 76-J, and Texas and Oklahoma as has been published on Oklahoma intrastate and Texas intrastate traffic.

It seems inconsistent for the Commission to state that because of inadequacy of the record, no rates were prescribed for interstate application on stocker or feeder cattle, but at the same time permit the basis to become applicable on Texas and Oklahoma intrastate traffic.

Do not feel that we should ask for suspension of the lower basis granted the two states mentioned, but do feel the Commission should afford us relief, by making the same basis applicable between Wichita and other Kansas points carried in Southwestern Lines 76-J and points in Texas and Oklahoma, to prevent discrimination which otherwise would result.

Yours truly,

T. Y. Horton

TRAFFIC MANAGER

TYH/s

May 14, 1927.

Mr. T. Y. Horton,
c/o Wichita Union Stockyards Company,
Wichita, Kansas.

Dear Mr. Horton:

I am enclosing you copies of letters sent me by Senators Capper and Curtis which are self-explanatory. I would take it from Mr. Taylor's letter to Senator Curtis that the commission had turned down your intervening petition.

I may be in Wichita next week and if so, will talk this rate matter over with you.

Very truly yours,

Commissioner

JHM:MH
Enc.

Interstate Commerce Commission
Washington

OFFICES OF
RICHARD V. TAYLOR
COMMISSIONER

May 11, 1927.

Hon. Arthur Capper,
United States Senator,
Topeka, Kansas.

My dear Senator:

Referring to your letter of the sixth instant to Chairman Esch regarding interstate rates on stocker and feeder cattle, to and from points in Kansas. You express the hope that these rates may be ordered placed on the same plane as those to be published for intrastate application in Oklahoma and Texas.

In the decision mentioned by you, this commission, because of the inadequacy of the record, prescribed no rates for interstate application on stocker or feeder cattle. Those rates were left as they were. In any event there would be insufficient time remaining to require the rates which you seek to become effective on the same date as those in Texas and Oklahoma, as a period of 30 days must elapse between the date of an order and the date on which it takes effect.

In the report it was pointed out that in some instances in the western district the rates on stocker and feeder cattle were 75 per cent of the fat cattle rates, in others 80 per cent, and in still others 100 per cent. To develop facts which would afford a sufficient basis for correcting improprieties such as these, the records in the cases considered in the report were held open for further investigation and consideration in connection with Docket No. 17000, Part 9, Rates on Live Stock in the Western District. As this investigation covers both interstate rates and intrastate rates, under Section 13 the question of discrimination, which Kansas live stock interests claim will be caused by the rates to become effective intrastate in Texas and Oklahoma, will be considered in that further investigation. A program for the carrying out of this investigation is now being prepared and it is hoped that hearings may be had at an early date.

Very truly yours,

R.V. Taylor

Commissioner.

Interstate Commerce Commission
Washington

May 10, 1927.

JOHN J. ESCH
CHAIRMAN

Hon. Arthur Capper,
U. S. Senator from Kansas,
Topeka, Kans.

My dear Senator:

I am in receipt of your letter of the 6th inst., in regard to No. 15686, American National Live Stock Association case, 122 I.C.C. 609. It is noted that you think there is merit in the position of Kansas live stock interests that the interstate rates on stocker or feeder cattle to and from points in Kansas should be based on the same percentage of the fat-cattle rates as has been required by the Oklahoma and Texas commissions for application on intrastate shipments in those States, and you express the hope that we may find it possible to issue an order requiring the carriers to do this contemporaneously with the publication of the rates prescribed in the above-mentioned case. As that case is on the personal docket of Commissioner Taylor I am referring your letter to him, but I might say that in my separate concurring expression therein, 122 I.C.C. 635, I advocated making the rates on stock cattle 75 or 80 per cent of the fat-cattle rates, wherever they are not now on that basis, which has been prescribed by us in several cases.

With kindest regards, I remain

Very truly yours,

John J. Esch

Chairman.

Judge J. H. Henderson of Iowa, never lost a case during the period mentioned.

Refer to effort to secure the repeal of section 15-A, Transportation Act.

Prosperity of railroads evidenced by almost double the advance in the value of stocks, new equipments, building of new tracks and reported net earnings.

The Smith-Hoch Resolution. It's date of enactment. The apparent indifference on the part of the Inter-state Commerce Commission in carrying out the provisions of the Congressional act.

The transportation act creating the Inter-state Commerce Commission directs the Commission to remove all irregularities, preferential and discriminatory rates.

The Missouri Pacific Frisco on their own initiative established rates on live stock originating in Texas, destination Kansas points on the Missouri Pacific and other points south of the line running east and west from Wichita to Fort Scott.

A difference of ~~$30~~ 36 a car on cattle originating at points in Texas such as Colorado City, by unloading on the Missouri Pacific on its line east of Wichita than to ship over the Santa Fe to points north of the Missouri Pacific. This was evidence given the Inter-state Commerce Commission in hearings on docket 17000 as shown on page 10566 of the transcript of the

I certainly appreciate the opportunity of attending this ~~the~~ 15th ANNUAL ~~LIVE STOCK and~~ FEEDERS' DAY CONVENTION and ~~deem~~ it a distinct honor to have a place on the program along with our very distinguished citizen, the Secretary of Agriculture. Assure the Secretary of our loyal support.

A representative of the producers has a perfect right to challenge the acts of the Inter-state Commerce Commission and offer suggestions to the railroad industry because almost all of the railroads, ~~especially the trunk line railroads have established agricultural bureaus and have their traveling agricultural agents and their agricultural magazines and are continually giving advice and instructions to the farmers and live-stock producers as to how they should conduct their business.~~ Agricultural ~~agents of the carriers are also gathering data~~ for the use of the carriers' attorneys in rate ~~cates.~~ The records will show the I.C.C. made more reference to the records furnished by the railroad agricultural agents in their March 14th report in the live stock cases than to the evidence and data furnished by the producers.

Short ~~history~~ of the ~~live~~ stock rates from a ~~period~~ 10 or 12 years prior to 1920.

The terrific deflation beginning in 1920 broke the heart of the live stock producers and destroyed their morale, also the morale of the association or the organization representing the industry.

The live stock organizations representing the industry 10 to 12 years prior to 1920, such as the National Live Stock Shippers League, American National, Texas Cattle Raisers, Corn Belt Meat Producers, Kansas Live Stock and others with such leaders as Judge Sam Cowan of Texas, Clifford Thorne of Iowa, Judge A. E. Helm of Kansas, T. W. Tomelson of the American National,

Livestock Sanitary Commissioner's Office, correspondence, 1926-1929

CLYDE M. REED | BERNARD L. GLOVER

REED & GLOVER
COMMERCE COUNSELLORS
TRAFFIC, TRANSPORTATION, PUBLIC UTILITY AND FEDERAL TRADE COMMISSION MATTERS
KANSAS CITY, MO.

SUITE 800
OREAR-LESLIE BLDG.
1012 BALTIMORE AVE.

TELEPHONE
VICTOR 0955

May 17, 1927.

Mr. Ralph Snyder, President,	Kansas Farm Bureau,	Manhattan, Kansas.
Mr. J. B. Brown, President,	Kans. Co-Op.Grain Dealers,	Larned, Kansas.
Mr. Caldwell Davis, Master,	Kansas State Grange,	Bronson, Kansas.
Mr. C. E. Huff, Vice Pres.,	Kansas Farmers Union,	Oronoque, Kansas.
Mr. John Vesecky, Vice Pres.,	Kans.Co-Op Market Asso.,	Kansas City, Mo.
Mr. L. E. DeVoss, Gen. Mgr.,	Farmers Union Jobbing Asso.	Kansas City, Kans.
Hon. J. H. Mercer, Secy.,	Kansas Live Stock Asso.,	Topeka, Kans.
Mr. R. E. Lawrence, Secy.,	Kans. Co-op Grain Dealers,	Hutchinson, Kans.

K-8

Gentlemen:-

As you know the General Grain Rate Investigation instituted by the Interstate Commerce Commission at the request of the western railroads began at Dallas, Tex., May 9th. Representing the Kansas farm organizations and other interests I was present last week during which time the railroads introduced all of their testimony which will be presented at the Dallas hearing concerning Kansas. Further and more complete testimony affecting Kansas will be presented at a hearing at Kansas City.

On the original program we expected the Kansas City hearing to come sometime around June 1st. Because of their inability to get ready the various state commissions asked the Interstate Commerce Commission to postpone the Kansas City hearing and it now appears that it will come not earlier than July and perhaps as late as September.

The railroads in their testimony at Dallas went much farther in asking for an increase in grain rates from Kansas to Kansas City than we had anticipated. I am attaching a sheet showing the present rates from representative Kansas destinations to the primary markets at Kansas City and the rates proposed by the railroads. In addition to naming rates from a number of specific points the railroads submitted a proposed scale which would govern rates from points not named in their testimony. The attached table is made up from their specific testimony and their scale.

It is needless to say that the Kansas farmer whose grain is sold on the Kansas City price less the freight rate would pay the increases in rates asked for by the carriers. We have not as yet sufficient data at hand to undertake to calculate the exact effect of the increases asked for by the railroads but from the attached it would appear that the increase would not be less than 42%.

I am suggesting that you advise all of your members and others interested in the most effective way possible. Up to this time I do not think Kansas has realized what the railroads are proposing in the way of an increased burden on freight rates on grain.

The middle-western and southwestern railroads are today more prosperous and in better financial and physical condition than at any time in their history. The people, particularly in Kansas and the southwest, are entitled to a decrease - not an increase - in rates. The action of the railroads in proposing to increase rates on agricultural products is in direct defiance of the spirit of the Hoch-Smith Resolution passed by Congress and which has the effect of law in directing the Interstate Commerce Commission to establish as a basis on agricultural products "the lowest possible lawful rates compatible with an adequate system of transportation".

At Dallas, on behalf of the Kansas producers, I made a request on the Interstate Commerce Commission to require the Kansas railroads to calculate the effect of their proposal in rates applying to the movement of the 1928 crop. The railroads indicated a lack of willingness to furnish the information, hence my request upon the Commission to require it. I anticipate that the railroads will be ordered to produce such a calculation at the Kansas City hearing. It would require an extensive calculation to convert the proposed increases into money but roughly our estimate is that the amount of the increase in freight rates on grain asked for by the railroads would amount to $10,000,000.00 or $12,000,000.00.

We will keep you informed of all of the developments in the case.

Yours, very truly,

REED & GLOVER
PER C M Reed

CMR/C
ENC:

Livestock Sanitary Commissioner's Office, correspondence, 1926-1929

Present rates on Wheat, Kansas to Kansas City, and rates proposed by railroads in the hearing at Dallas, beginning May 9th, 1927:

TO KANSAS CITY FROM	PRESENT RATES	PROPOSED RATES
Fort Scott	12. ¢	15. ¢
Parsons	13.5	17.
Chetopa	13.5	18.
Florence	17.5	18.
Coffeyville	13.5	19.
Marion	18.	20.
Salina	18.	21.
Newton	18.	21.
Wichita	18.	24.
Hutchinson	19.	24.
Wellington	18.	25.
Arkansas City	18.	26.
Caldwell	18.	30.
Attica	19.	30.
Kiowa	19.5	32.
Dodge City	20.5	35.
Bucklin	20.	35.
Colby	20.5	39.
AVERAGE RATE	17.47¢	24.94¢

Corn, oats, and other coarse grains, take 90 per cent of wheat rate and will be accordingly affected.