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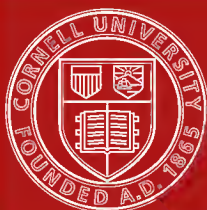


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BEFORE THE
Interstate Commerce Commission.

DOCKET No. 9200.

IN RE RAILWAY MAIL PAY.

**BRIEF FOR THE POSTMASTER GENERAL OF THE
UNITED STATES.**

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1919

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A 459753
BEFORE THE

INTERSTATE COMMERCE COMMISSION.

DOCKET No. 9200.

IN RE RAILWAY MAIL PAY.

BRIEF FOR THE POSTMASTER GENERAL OF THE
UNITED STATES.

STATEMENT OF THE CASE.

By the terms of section 5 of the act of July 28, 1916 (39 Stat. L., 412, 425-431), Congress authorized and directed the Postmaster General to readjust the compensation to be paid to railroad companies from and after the 30th day of June, 1916, or as soon thereafter as practicable, for the transportation and handling of the mails and furnishing facilities and services in connection therewith upon the conditions and at the rates hereinafter provided.

The said act provides that pending the decision of the Interstate Commerce Commission the existing methods and rates of railroad mail pay shall remain in effect, except on such routes or systems as the Postmaster General shall select and to the extent he may find it practicable and necessary to place upon the space system of pay in the manner and at the rates provided, with the consent and approval of the Interstate Commerce Commission, in order to properly present to the said Commission the matters hereinafter referred thereto.

The said act further provides that all railway common carriers are required to transport such mail matter as may be offered for transportation by the United States in the manner, under the conditions, and with the service prescribed by the Postmaster General, and shall be entitled

to receive fair and reasonable compensation for such transportation and for the service connected therewith.

The said act further empowers and directs the Interstate Commerce Commission, as soon as practicable, to fix and determine from time to time the fair and reasonable rates and compensation for the transportation of such mail matter by railway common carriers and the service connected therewith, prescribing the method or methods by weight, or space, or both, or otherwise, for ascertaining such rate or compensation.

In pursuance of these provisions the said act further provides for the filing with the Commission by the Postmaster General of a statement showing the transportation required of all railway common carriers, including the number, equipment, size, and construction of the cars necessary for the transaction of the business; the service, both terminal and en route, which the carriers are to render; and all other information which may be material to the inquiry.

Following the passage of the act above referred to, the Postmaster General made application to the Commission for its consent and approval to place upon the space system of pay, in the manner and at the rates provided in the act, certain routes or systems selected by him as those found practicable and necessary to so place upon the said space system of pay in order to properly present to the Commission the matters provided for therein. The Commission thereafter, by order of August 29, 1916, gave its consent and approval to said application and the Postmaster General stated such routes and systems so selected upon the space basis of pay, as provided by said act, from November 1, 1916.

Thereafter the respondent railroad mail carriers petitioned the Commission to set aside its order of consent and approval as above mentioned, but after hearing and argument the Commission overruled and denied said petition, leaving its order in force and effect.

In accordance with the provisions above referred to in said act, the Postmaster General thereafter filed his statement with the Commission, setting forth the matters

required by said act to be so presented to the Interstate Commerce Commission, and the railroad common carriers transporting the mails throughout the United States were duly notified thereof by the Commission.

After conference with a representative of the Commission, the representatives of the Department and the Railroads agreed upon a weighing and statistical period, beginning March 27 and ending April 30, 1917, during which there should be procured the statistical data with reference to space in passenger trains devoted to the several services performed in and by said trains, and the operation of such space, and also data with reference to the revenues and expenditures of said railroad mail carriers in such manner and form as to show the revenues derived from said services and the approximate estimate of the cost of performing the same.

In accordance with said plan the Postmaster General authorized a weighing of the mails upon all railroad mail routes throughout the United States for the statistical period, and the Department prepared and sent to the railroad mail carriers complete and definite forms with specific instructions for reporting the statistical data above referred to. These forms and instructions were introduced in evidence and are known as Post Office Department Exhibit No. 27, *infra*.

The mails were accordingly weighed and from the returns of such weights so secured the average daily weight of mails carried on each mail route, respectively, throughout the United States, was computed by the Department and the rates of pay authorized by the act of 1873 and the amending acts, providing for railroad mail pay upon the weight basis, were applied thereto for each route and the results stated in Post Office Department Exhibit No. 38, *infra*.

The reports made by the railroad mail carriers on the forms above referred to, covering the space and financial data were checked and tabulated and reduced to ultimate results, which are shown in Post Office Department Exhibits Nos. 66, 67, 68, 74 and 75, *infra*.

At the hearings conducted in this case the Post Office Department presented 89 exhibits showing mainly the statistical results of the inquiry, a digest of which is hereinafter set forth, pages 48 to 102. Oral testimony was also submitted by witnesses for the Post Office Department and for the railroad mail carriers, an abstract of which testimony is set forth hereinafter, pages 103 to 592, to which the Post Office Department directs attention in support of the presentation of matters herein.

The Postmaster General contends that the space basis of pay for the transportation of the mails and the service connected therewith has been shown to be entirely satisfactory to the Post Office Department, and to be a more accurate measure of the service performed by the railroads in carrying the mails than the old weight-basis system; that it is a true gauge of the service so performed; that under it no service is required of the railroads without corresponding payment therefor, and no payment is made to the railroads excepting for services rendered therefor, and that in these respects it differs from the old weight-basis system; that under the space-basis system the service can be and has been more economically administered and conducted than under the old weight-basis system; that great economies have been effected under the space-basis system, resulting in saving of expenditure on the part of the Post Office Department and the elimination of needless car operation on the part of the railroad mail carriers. The Postmaster General further contends that the evidence has established the fact that the maximum rates provided for by the act of July 28, 1916, *supra*, result in a payment to the railroads for carrying the mails of an amount in excess of a fair and reasonable return therefor; that the estimated cost of performing the service in the carriage of the mails, as shown by the evidence, together with a fair return in addition thereto, justifies a much smaller payment in the aggregate for said services than the railroads are now receiving; that the evidence shows that if the railroads were paid for the carriage of the mails and the service in connection therewith at the same rates they receive per ton-mile for carrying express matter of the nearest kind under similar conditions,

they would receive in the aggregate a sum far less than that which they are now receiving; and that the fair and reasonable rates and compensation for the transportation of the mail and the service in connection therewith on the space basis of pay are lower than those prescribed by the act of July 28, 1916, *supra*. The several amounts of compensation and the unit rates above referred to are set forth in detail and fully explained in the evidence and argument hereinafter.

DIGEST OF POST OFFICE DEPARTMENT EXHIBITS.

POST OFFICE DEPARTMENT EXHIBIT NO. 1.—PAMPHLET OF INFORMATION, ISSUED BY THE SECOND ASSISTANT POSTMASTER GENERAL, RELATIVE TO THE TRANSPORTATION OF MAILS BY RAILROADS AND COMPREHENDING INSTRUCTIONS AND RULINGS UNDER THE ACT OF JULY 28, 1916—THE SPACE SYSTEM.

This exhibit contains a transcript of the principal laws and postal regulations relating to the transportation of the mails by railroads; the construction, sanitation, operation, etc., of full and apartment railway post-office cars; transportation of mails by freight or express; general performance of mail service by railroad companies; authorizations of deductions and fines; conveyance of letters by private express; carrying of letters outside of mails by common carriers; offenses; and transportation of mails on electric and cable cars.

It also embraces the instructions and rulings issued by the Second Assistant Postmaster General with reference to the railroad mail service under the space-basis system of transportation and payment, revised to May 15, 1918, and based upon the act approved July 28, 1916, (39 Stat., 412, 425-431).

POST OFFICE DEPARTMENT EXHIBIT NO. 2.—STANDARD FLOOR PLANS FOR CONVERTIBLE 60-FOOT-30-FOOT AND 15-FOOT-30-FOOT MAIL CARS.

This exhibit embraces floor plans showing in detail how a standard 60-foot full railway post-office car may be converted into a standard 30-foot mail apartment car with 30 feet of baggage space or reconverted into its original form as a 60-foot full car, and a floor plan for converting a stan-

dard 15-foot mail apartment car into a standard 30-foot mail apartment car, or vice versa.

These floor plans are supplemental to those standard car floor plans submitted to the commission on February 26, 1917, as a part of the statement of the Postmaster General, which embraced floor plans for standard 60-foot, 50-foot, and 40-foot full railway post-office cars, 30-foot, 25-foot, 20-foot, 15-foot, 12-foot, 10-foot, and 8-foot standard mail apartment cars, 15-foot, 12-foot, 10-foot, 8-foot and 6-foot standard alley mail apartment cars, for standard 15-foot mail apartment narrow gauge cars, and for standard 40-foot mail apartment car in 70-foot cars, together with various drawings giving detail of construction of equipment and fittings.

In general the interior fittings of mail cars consist of pigeon hole letter cases for the distribution of letter mails, movable bag racks for hanging pouches and sacks for the distribution of paper mails and letter packages, with a portion of the space at either or both ends of the car stanchioned for storage of mail. The amount of space and the number of separations for letters and papers provided for each of these functions in the standard sizes of full railway post-office and apartment railway post-office cars provided in the act of July 28, 1916, are as follows:

Unit.	Distribu- tion space.	Door- ways.	Storage space.	Letter separa- tions.	Paper separa- tions.	Port- able letter separa- tions.	Storage space and closet facili- ties.
	<i>Ft. in.</i>	<i>Ft. in.</i>	<i>Ft. in.</i>				<i>Ft. in.</i>
60-foot full railway post- office car.....	36	7 8	16 4	612	234	54	.....
30-foot mail apartment car..	17 2	2 10	.....	312	106	.....	10
15-foot mail apartment car..	7 0 $\frac{3}{4}$	2 6	.....	156	46	.....	4 6 $\frac{1}{2}$

The number of separations and the space devoted to the several functions in the convertible 60-foot-30-foot cars and the 15-foot-30-foot convertible cars is the same as in the standard cars of those sizes.

POST OFFICE DEPARTMENT EXHIBIT NO. 3.—STATEMENT SHOWING THE NUMBER OF CARS AND CAR UNITS REMODELED OR CHANGED SUBSEQUENT TO ADOPTION OF STANDARD PLANS OF FEBRUARY 26, 1912, AND PRIOR TO NOVEMBER 1, 1916, AND FOR THE PERIOD SUBSEQUENT THERETO.

This exhibit shows in detail the number of railway post-office cars remodeled or changed subsequent to the adoption of the standard plans dated February 26, 1912, and prior to November 1, 1916, when the space basis plan for railway-mail pay became effective, and of the railway post-office cars remodeled or changed after November 1, 1916. It shows that for the first period named, 265 cars were so remodeled or changed and that subsequent to November 1, 1916, 290 cars were so remodeled or changed.

POST OFFICE DEPARTMENT EXHIBIT NO. 4.—STATEMENT SHOWING ANNUAL MILES OF SERVICE, ANNUAL RATES OF LINE PAY AND INITIAL AND TERMINAL ALLOWANCES, BY UNITS OF SERVICE, ON RAILROAD MAIL ROUTES, STATED UPON THE SPACE BASIS OF PAY, AUTHORIZED ON NOVEMBER 1, 1916, AND THE UNIT RATES PER MILE FOR AUTHORIZED SERVICE.

The exhibit shows as authorized on November 1, 1916, the several units of full and apartment railway post-office cars, of full storage cars, and of storage space and closed-pouch space in cars less than full cars devoted to the mails, the miles of service performed per annum for each of the said units, the per cent of the same of the whole, the line pay stated as annual rate, the initial and terminal allowance stated as annual rate, and the total combined annual rate, the per cents of the annual rate line pay and initial and terminal allowance of the total annual rate for each unit, the total pay as annual rate, the per cent of the whole for each unit of service, and the rate per mile of service as authorized for each unit of service. Distinction is also made between nonland-grant and land-grant service.

The total miles of service per annum shown is 577,867,985, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars	16.24
30-foot apartment railway post-office cars	27.17
15-foot apartment railway post-office cars	15.51
60-foot storage cars	10.09
30-foot storage space	2.04
15-foot storage space	2.96
7-foot storage space	2.39
3-foot storage space	1.83
7-foot closed-pouch space	3.16
3-foot closed-pouch space	18.61

The total line pay is shown to be \$58,157,624.88, with total initial and terminal allowance as \$6,290,357.59, total pay being \$64,447,982.47, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars	31.30
30-foot apartment railway post-office cars	29.29
15-foot apartment railway post-office cars	11.56
60-foot storage cars	19.35
30-foot storage space	1.97
15-foot storage space	1.50
7-foot storage space . . . . .	.57
3-foot storage space . . . . .	.19
7-foot closed-pouch space . . . . .	.95
3-foot closed-pouch space	3.32

The resulting rates per mile of service authorized (nonland-grant and land-grant combined) are shown as follows:

	Cents.
60-foot full railway post-office cars	21.49
30-foot apartment railway post-office cars	12.02
15-foot apartment railway post-office cars	8.31
60-foot storage cars	21.38
30-foot storage space	10.74
15-foot storage space	5.67
7-foot storage space	2.65
3-foot storage space	1.20
7-foot closed-pouch space	3.35
3-foot closed-pouch space	1.99

POST OFFICE DEPARTMENT EXHIBIT NO. 5.—STATEMENT SHOWING ANNUAL MILES OF SERVICE, ANNUAL RATES OF LINE PAY, AND INITIAL AND TERMINAL ALLOWANCES, BY UNITS OF SERVICE, ON RAILROAD MAIL ROUTES, STATED UPON THE SPACE BASIS OF PAY, AUTHORIZED ON MARCH 27, 1917, AND THE UNIT RATES PER MILE FOR AUTHORIZED SERVICE.

This exhibit shows as authorized on March 27, 1917, the several units of full and apartment railway post-office cars, of full storage cars, and of storage space and closed-pouch space in cars less than full cars devoted to the mails, the miles of service per annum for each of the said units, the per cent of the same of the whole, the line pay stated as annual rate, the initial and terminal allowance stated as annual rate, and the total combined annual rate, the per cents of the annual rate line pay, and initial and terminal allowance of the total annual rate for each unit, the total pay as annual rate, the per cent of the whole for each unit of service, and the rate per mile as authorized for each unit of service. Distinction is also made between non-land-grant and land-grant service.

The total miles of service per annum shown is 557,151,915.99, of which the several units of service (non-land-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	15. 46
30-foot apartment railway post-office cars.....	26. 05
15-foot apartment railway post-office cars.....	17. 40
60-foot storage cars.....	9. 00
30-foot storage space.....	1. 93
15-foot storage space.....	2. 81
7-foot storage space.....	2. 54
3-foot storage space.....	1. 82
7-foot closed-pouch space.....	3. 38
3-foot closed-pouch space.....	19. 61

The total line pay is shown to be \$53,873,590.07 with total initial and terminal allowance as \$5,880,089.14, total pay being \$59,753,679.21, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	30.90
30-foot apartment railway post-office cars.....	29.03
15-foot apartment railway post-office cars.....	13.22
60-foot storage cars.....	17.89
30-foot storage space.....	1.94
15-foot storage space.....	1.50
7-foot storage space.....	.62
3-foot storage space.....	.20
7-foot closed-pouch space.....	1.06
3-foot closed-pouch space.....	3.64

The resulting rates per mile of service authorized (non-and-grant and land-grant combined) are shown as follows:

	Cents.
60-foot full railway post-office cars.....	21.43
30-foot apartment railway post-office cars.....	11.94
15-foot apartment railway post-office cars.....	8.14
60-foot storage cars.....	21.31
30-foot storage space.....	10.79
15-foot storage space.....	5.72
7-foot storage space.....	2.63
3-foot storage space.....	1.22
7-foot closed-pouch space.....	3.36
3-foot closed-pouch space.....	1.99

POST OFFICE DEPARTMENT EXHIBIT NO. 6.—STATEMENT SHOWING ANNUAL MILES OF SERVICE, ANNUAL RATES OF LINE PAY, AND INITIAL AND TERMINAL ALLOWANCES, BY UNITS OF SERVICE, ON RAILROAD MAIL ROUTES, STATED UPON THE SPACE BASIS OF PAY, AUTHORIZED ON JUNE 30, 1917, AND THE UNIT RATES PER MILE FOR AUTHORIZED SERVICE.

This exhibit shows as authorized on June 30, 1917, the several units of full and apartment railway post-office cars, of full storage cars, and of storage space and closed-pouch space in cars less than full cars devoted to the mails, the miles of service performed per annum for each of the said units, the per cent of the same of the whole, the line pay stated as annual rate, the initial and terminal allowance stated as annual rate, and the total combined annual rate, the per cents of the annual rate line pay, and initial and terminal allowance of the total annual rate for each unit, the total pay as annual rate, the per cent of the whole for

each unit of service, and the rate per mile as authorized for each unit of service. Distinction is also made between nonland-grant and land-grant service.

The total miles of service per annum shown is 541,943,368.47, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	15. 32
30-foot apartment railway post-office cars.....	25. 54
15-foot apartment railway post-office cars.....	18. 26
60-foot storage cars.....	8. 44
30-foot storage space.....	1. 71
15-foot storage space.....	2. 78
7-foot storage space.....	2. 64
3-foot storage space.....	1. 92
7-foot closed-pouch space.....	3. 37
3-foot closed-pouch space.....	20. 02

The total line pay is shown to be \$51,519,136.45 with total initial and terminal allowance as \$5,658,459.57, total pay being \$57,177,596.02, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	31. 09
30-foot apartment railway post-office cars.....	28. 89
15-foot apartment railway post-office cars.....	13. 88
60-foot storage cars.....	17. 08
30-foot storage space.....	1. 76
15-foot storage space.....	1. 65
7-foot storage space.....	. 66
3-foot storage space.....	. 22
7-foot closed-pouch space.....	1. 07
3-foot closed-pouch space.....	3. 70

The resulting rates per mile of service authorized (nonland-grant and land-grant combined) are shown as follows:

	Cents.
60-foot full railway post-office cars.....	21. 41
30-foot apartment railway post-office cars.....	11. 93
15-foot apartment railway post-office cars.....	8. 02
60-foot storage cars.....	21. 34
30-foot storage space.....	10. 83
15-foot storage space.....	6. 24
7-foot storage space.....	2. 62
3-foot storage space.....	1. 23
7-foot closed-pouch space.....	3. 37
3-foot closed-pouch space.....	1. 95

POST OFFICE EXHIBIT DEPARTMENT NO. 7.—STATEMENT SHOWING ANNUAL MILES OF SERVICE, ANNUAL RATES OF LINE PAY AND INITIAL AND TERMINAL ALLOWANCES, BY UNITS OF SERVICE, ON RAILROAD MAIL ROUTES, STATED UPON THE SPACE BASIS OF PAY, AUTHORIZED ON MARCH 31, 1918, AND THE UNIT RATES PER MILE FOR AUTHORIZED SERVICE.

This exhibit shows as authorized on March 31, 1918, the several units of full and apartment railway post-office cars, of full storage cars, and of storage space and closed-pouch space in cars less than full cars devoted to the mails, the miles of service performed per annum for each of the said units, the per cent of the same of the whole, the line pay stated as annual rate, the initial and terminal allowance stated as annual rate, and the total combined annual rate, the per cents of the annual rate line pay and initial and terminal allowance of the total annual rate for each unit, the total pay as annual rate, the per cent of the whole for each unit of service, and the rate per mile of service as authorized for each unit of service. Distinction is also made between nonland-grant and land-grant service.

The total miles of service per annum shown is 510,486,407.58, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	14. 65
30-foot apartment railway post-office cars.....	23. 90
15-foot apartment railway post-office cars.....	19. 36
60-foot storage cars.....	9. 08
30-foot storage space.....	1. 49
15-foot storage space.....	2. 64
7-foot storage space.....	2. 44
3-foot storage space.....	2. 05
7-foot closed-pouch space.....	3. 67
3-foot closed-pouch space.....	20. 72

The total line pay is shown to be \$47,830,650.52 with total initial and terminal allowance as \$5,078,838.93, total pay being \$52,909,489.45, of which the several units of

service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	30. 28
30-foot apartment railway post-office cars.....	27. 40
15-foot apartment railway post-office cars.....	14. 56
60-foot storage cars.....	18. 70
30-foot storage space.....	1. 58
15-foot storage space.....	1. 44
7-foot storage space.....	. 62
3-foot storage space.....	. 24
7-foot closed-pouch space.....	1. 20
3-foot closed-pouch space.....	3. 98

The resulting rates per mile of service authorized (nonland-grant and land-grant combined) are shown as follows:

	Cents.
60-foot full railway post-office cars.....	21. 42
30-foot apartment railway post-office cars.....	11. 88
15-foot apartment railway post-office cars.....	7. 80
60-foot storage cars.....	21. 34
30-foot storage space.....	10. 91
15-foot storage space.....	5. 65
7-foot storage space.....	2. 63
3-foot storage space.....	1. 23
7-foot closed-pouch space.....	3. 39
3-foot closed-pouch space.....	1. 99

POST OFFICE DEPARTMENT EXHIBIT NO. 8.—STATEMENT SHOWING ANNUAL MILES OF SERVICE, ANNUAL RATES OF LINE PAY AND INITIAL AND TERMINAL ALLOWANCES, BY UNITS OF SERVICE, ON RAILROAD MAIL ROUTES, STATED UPON THE SPACE BASIS OF PAY, AUTHORIZED ON JUNE 30, 1918, AND THE UNIT RATES PER MILE FOR AUTHORIZED SERVICE.

The exhibit shows as authorized on June 30, 1918, the several units of full and apartment railway post-office cars, of full storage cars, and of storage space and closed-pouch space in cars less than full cars devoted to the mails, the miles of service performed per annum for each of the said units, the per cent of the same of the whole, the line pay stated as annual rate, the initial and terminal allowance stated as annual rate, and the total combined annual rate, the per cents of the annual rate line pay and initial and terminal allowance of the total annual rate for each unit, the total pay as annual rate, the per cent of the whole for

each unit of service, and the rate per mile of service as authorized for each unit of service. Distinction is also made between nonland-grant and land-grant service.

The total miles of service per annum shown is 504,961,489.99, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent.
60-foot full railway post-office cars.....	14. 72
30-foot apartment railway post-office cars.....	23. 63
15-foot apartment railway post-office cars.....	19. 72
60-foot storage cars.....	8. 93
30-foot storage space.....	1. 53
15-foot storage space.....	2. 52
7-foot storage space.....	2. 47
3-foot storage space.....	2. 14
7-foot closed-pouch space.....	3. 49
3-foot closed-pouch space.....	20. 85

The total line pay is shown to be \$47,162,319.85 with total initial and terminal allowance as \$5,019,732.42, total pay being \$52,182,052.27, of which the several units of service (nonland-grant and land-grant combined) are as follows:

	Per cent
60-foot full railway post office cars.....	30. 50
30-foot apartment railway post office cars.....	27. 15
15-foot apartment railway post office cars.....	14. 87
60-foot storage cars.....	18. 42
30-foot storage space.....	1. 62
15-foot storage space.....	1. 39
7-foot storage space.....	. 64
3-foot storage space.....	. 26
7-foot closed-pouch space.....	1. 15
3-foot closed-pouch space.....	4. 00

The resulting rates per mile of service authorized (nonland-grant and land-grant combined) are shown as follows:

	Cents.
60-foot full railway post-office cars.....	21. 43
30-foot apartment railway post-office cars.....	11. 87
15-foot apartment railway post-office cars.....	7. 79
60-foot storage cars.....	21. 32
30-foot storage space.....	10. 91
15-foot storage space.....	5. 67
7-foot storage space.....	2. 63
3-foot storage space.....	1. 23
7-foot closed-pouch space.....	3. 40
3-foot closed-pouch space.....	1. 98

POST OFFICE DEPARTMENT EXHIBIT NO. 9.—STATEMENT SHOWING AMOUNTS OF LINE PAY, INITIAL AND TERMINAL ALLOWANCES, AND TOTAL PAY FOR SERVICE ON RAILROAD MAIL ROUTES, STATED UPON THE SPACE BASIS, FOR THE MONTH OF APRIL, 1917.

This exhibit shows for each railroad company whose routes were stated upon the space basis of payment, the amount of line pay, both regular and emergency, the amount of initial and terminal allowance, both regular and emergency, and the total amount, both regular and emergency, paid for the performance of railroad mail service on each route stated upon the space basis, during the month of April, 1917, the total of such amounts being as follows:

Service.	Line pay.	Initial and terminal allowance.	Total.
Regular.....	\$4,303,858.90	\$461,260.91	\$4,765,119.81
Emergency.....	33,697.87	2,887.16	36,585.03
Total.....	4,337,556.77	464,148.07	4,801,704.84

POST OFFICE DEPARTMENT EXHIBIT NO. 10.—STATEMENT SHOWING AMOUNTS OF COMPENSATION PAID FOR SERVICE ON RAILROAD MAIL ROUTES, STATED UPON THE WEIGHT BASIS OF PAY, FOR THE MONTH OF APRIL, 1917.

This exhibit shows for each railroad company, whose routes were stated upon the weight basis of payment, the amount of compensation paid upon each route and the total for each company for the month of April, 1917. The total compensation paid for mail service upon routes stated upon the weight basis for the month of April, 1917, as shown by this exhibit, was \$89,374.89.

POST OFFICE DEPARTMENT EXHIBIT NO. 11.—(1) STATEMENT SHOWING BY WEIGHING SECTIONS THE TOTAL AVERAGE WEIGHT OF MAILS CARRIED PER DAY; LENGTH OF ROUTES; POUND-MILES PER DAY, AND COMPUTED TON-MILES FOR THE YEAR 1917, BASED UPON THE RETURNS OF THE SPECIAL WEIGHING OF THE MAILS, MARCH 27 TO APRIL 30, 1917, INCLUSIVE; (2) COMPUTED ANNUAL TON-MILEAGE, 1917, BASED ON RETURNS OF SPECIAL WEIGHING, MARCH 27 TO APRIL 30, 1917, INCLUSIVE, COMPARED WITH TON-MILES, LAST PRECEDING WEIGHING.

Part 1 of this exhibit shows for each weighing section the total average weight carried per day, the length of the railroad mail routes over which mails were carried, the pound-miles of mail carried per day, and the computed annual ton-miles for the year 1917, based upon the returns of the special weighing of the mails March 27 to April 30, 1917, inclusive, and the results are shown as follows:

Total average weight carried per day.....	pounds..	20, 131, 302
Length of mail routes over which mails were carried, miles.....		234, 306. 95
Pound-miles carried per day.....		4, 526, 524, 485
Computed annual ton-miles for the year 1917.....		826, 090, 715

Part 2 of this exhibit compares, by weighing sections, computed ton-miles for the year 1917 based on the special weighing March 27 to April 30, 1917, with the computed annual ton-miles based upon the last regular quadrennial weighing in each weighing section, and shows the increase in ton-miles and the percentage of such increase. The results are expressed as follows:

Computed ton-miles for the year 1917.....	826, 090, 715
Computed ton-miles based on last regular weighings.....	699, 882, 946
	126, 207, 769
Increase in ton-miles, 1917.....	126, 207, 769
Per cent of increase.....	18. 03

POST OFFICE DEPARTMENT EXHIBIT NO. 12.—STATEMENT OF THE AVERAGE LOADS CARRIED IN THE SEVERAL UNITS OF AUTHORIZED MAIL SPACE, GROUPED ACCORDING TO THE SEVERAL STATE ROUTE NUMBERS, BASED UPON A SPECIAL WEIGHING OF THE MAILS DURING THE WEEK APRIL 12 TO 18, 1917, INCLUSIVE.

This exhibit shows for full railway post-office cars, apartment railway post-office cars, mail storage cars, and mail storage space of the several units, classified by States according to railroad mail route numbers, the average load in pounds of mail carried in such units, and the average of all units of each class, based upon a special weighing of the mails during the week April 12 to 18, 1917, inclusive. The general average load for each class of service is shown by this exhibit to be as follows:

	Pounds.
60-foot full railway post-office cars.....	5,079
30-foot apartment railway post-office cars.....	1,675
15-foot apartment railway post-office cars.....	536
60-foot mail storage cars.....	13,114
30-foot mail storage space.....	6,575
15-foot mail storage space.....	3,726
7-foot mail storage space.....	1,998
3-foot mail storage space.....	795

POST OFFICE DEPARTMENT EXHIBIT NO. 13.—TABLE SHOWING COMPARISON OF THE ANNUAL RATE OF COMPENSATION FOR RAILROAD TRANSPORTATION OF THE MAILS BY CERTAIN RAILROAD COMPANIES IN EFFECT OCTOBER 31, 1916, UNDER WEIGHT BASIS OF PAY; ON NOVEMBER 1, 1916, WHEN THE SPACE BASIS BECAME OPERATIVE; AND RATE OF PAY IN EFFECT FEBRUARY 15, 1918, WHEN THE CONDITIONS AND PAY BECAME STABLE.

This exhibit shows, first, for railroads 50 to 100 miles in length, the mileage of track over which mail service is performed, the annual rate of pay on October 31, 1916, on November 1, 1916, and on February 15, 1918, with the net increase or decrease from October 31, 1916, to February 15, 1918; and, second, the same information for railroads less than 50 miles in length. The results are shown to be as follows:

	Railroads 50 to 100 miles in length.	Railroads less than 50 miles in length.
Mileage.....	4, 771. 19	2, 533. 81
Annual rate of pay:		
Oct. 31, 1916.....	\$476, 246. 36	\$242, 663. 91
Nov. 1, 1916.....	537, 578. 84	343, 809. 58
Feb. 15, 1918.....	468, 632. 56	252, 653. 16
Net increase.....	86, 796. 45	62, 181. 08
Net decrease.....	86, 377. 19	50, 569. 90

POST OFFICE DEPARTMENT EXHIBIT NO. 14.—STATEMENT OF THE ESTIMATED NUMBER AND WEIGHTS OF SHIPMENTS HANDLED IN OTHERWISE EMPTY STORAGE CARS WITHOUT ADDITIONAL COST DURING THE TWO-YEAR PERIOD ENDING OCTOBER 31, 1918, AND THE ESTIMATED COST OF TRANSPORTATION OF SUCH SHIPMENTS HAD THEY BEEN HANDLED BY FREIGHT OR EXPRESS AS THERETOFORE.

This exhibit shows the estimated number of cars of blue-tag mail matter, mail bags, envelopes and newspaper wrappers, and postal cards that would have been required to handle by freight or express under the weight basis of payment, with the estimated weight of each and the estimated transportation cost by freight or express, which were handled in otherwise empty storage cars without additional cost during the two-year period ending October 31, 1918. The results shown by this exhibit are as follows:

Estimated number of cars of freight or express.....	9, 100
Estimated weight..... pounds..	227, 417, 144
Estimated transportation cost.....	\$1, 327, 933. 78

POST OFFICE DEPARTMENT EXHIBIT NO. 15.—STATEMENT SHOWING REDUCTION IN MILES OF SERVICE IN CARS AND SPACE IN CARS OPERATED IN THE CARRIAGE OF MAILS ON ROUTES STATED ON THE SPACE BASIS, AS SHOWN BY A COMPARISON OF THE MILES OF SERVICE OF THE SEVERAL CLASSES OF UNITS, AUTHORIZED AS OF NOVEMBER 1, 1916, AND THAT AUTHORIZED AS OF JUNE 30, 1918, AFTER THE SERVICE WAS ADJUSTED TO THE SPACE SYSTEM AS PROVIDED BY THE ACT OF JULY 28, 1916.

This exhibit shows for each of the units of full railway post-office cars, apartment railway post-office cars, storage cars, storage space in mixed cars, and closed-pouch space

in mixed cars, the miles of service per annum authorized as of November 1, 1916, and as of June 30, 1918, with the increase or decrease and per cent of increase or decrease in each unit of service. The results shown by this exhibit are as follows:

Total miles of service authorized as of Nov. 1, 1916.....	577, 867, 980
Total miles of service authorized as of June 30, 1918.....	504, 971, 485
Decrease.....	72, 896, 495
Per cent of decrease.....	12. 61

The per cent of increase or decrease in each unit of service is shown to be as follows:

	Increase.	Decrease.
60-foot railway post-office cars.....		20. 85
30-foot apartment railway post-office cars.....		24. 01
15-foot apartment railway post-office cars.....	11. 11	
60-foot storage cars.....		22. 71
30-foot storage space.....		34. 11
15-foot storage space.....		25. 25
7-foot storage space.....		9. 82
3-foot storage space.....	2. 80	
7-foot closed-pouch space.....		3. 50
3-foot closed-pouch space.....		2. 13

POST OFFICE DEPARTMENT EXHIBIT NO. 16.—STATEMENT SHOWING THE COMPUTED AVERAGE LENGTH OF TRIP FOR THE SEVERAL UNITS OF SERVICE OVER STATED RAILWAY POST-OFFICE RUNS.

This exhibit shows for each of the units of service the computed average length of the unit trip over stated railway post-office runs, and the results are shown to be as follows:

	Milcs.
60-foot railway post-office cars.....	367
30-foot apartment railway post-office cars.....	205
15-foot apartment railway post-office cars.....	86
60-foot storage cars.....	420
30-foot storage space.....	263
15-foot storage space.....	172
7-foot storage space.....	154
3-foot storage space.....	104
7-foot closed-pouch space.....	100
3-foot closed-pouch space.....	48

POST OFFICE DEPARTMENT EXHIBIT NO. 17.—STATEMENT SHOWING TON-MILEAGE AND PAY PER TON-MILE FOR TRANSPORTATION AND RAILWAY POST-OFFICE CAR SERVICE COMBINED, AS OF APRIL 30, 1913, BY CLASSES OF ROUTES.

This exhibit shows for former weight routes stated upon the weight basis of pay, classified according to average daily weights carried as of April 30, 1913, the combined transportation and railway post-office car service pay per annum, the per cent of the pay for each class of routes to the whole, the ton-miles per annum, the per cent of ton-miles in each class, and the pay per ton-mile for each class of routes for transportation and for transportation and railway post-office car service combined. The results shown by this exhibit are as follows:

Combined transportation and railway post-office car service pay per annum.....	\$51, 286, 057. 79
Ton-miles per annum.....	510, 827, 522
Pay per ton-mile for transportation.....cents..	9. 17
Pay per ton-mile for transportation and railway post-office car service combined.....cents..	10. 04

It also shows the ton-mile rates for each of the classes of routes to have been as follows:

Classes of routes according to average daily weight carried.	Pay per ton-mile.	
	Transportation.	Transportation and railway post-office car service combined.
211 pounds or less.....	\$1. 4924	\$1. 4924
212 to 519 pounds.....	. 8024	. 8024
520 to 1,019 pounds.....	. 5305	. 5305
1,020 to 1,519 pounds.....	. 4140	. 4141
1,520 to 2,059 pounds.....	. 3618	. 3620
2,060 to 3,559 pounds.....	. 2697	. 2704
3,560 to 5,079 pounds.....	. 1998	. 2023
5,080 to 48,103 pounds.....	. 0924	. 1028
48,104 pounds and over.....	. 0576	. 0661

POST OFFICE DEPARTMENT EXHIBIT NO. 18.—CIRCULAR LETTER NO. 316.

Circular letter No. 316, of the Second Assistant Postmaster General, addressed to all superintendents of the Railway Mail Service, giving instructions as to the information that should be furnished in connection with recommendations for additional space on railroad routes contemplating additional expenditures.

POST OFFICE DEPARTMENT EXHIBIT NO. 19.—STATEMENT SHOWING COST OF QUADRENNIAL WEIGHINGS AND TABULATIONS IN EACH WEIGHING SECTION, 1913-1916; COST OF WEIGHING ON WEIGHT BASIS ROUTES, FOURTH SECTION, 1918; AND COST OF STATISTICAL WEIGHING, MARCH 27 TO APRIL 30, 1917.

This exhibit shows the cost of the quadrennial weighings and tabulations for the regular quadrennial weighings in the four weighing sections for the years 1913 to 1916, the cost of the quadrennial weighing and tabulation on weight routes in the fourth weighing section, spring of 1918, and the cost of the statistical weighing and tabulation for the period March 27 to April 30, 1917. In this exhibit it is shown that the total cost of the last four regular quadrennial weighings was \$1,088,619.49, or an average of \$273,154.87 per year; that the cost of the quadrennial weighing and tabulation on weight basis routes in the fourth contract section, spring of 1918, was approximately \$7,000; and that the cost of the statistical weighing and tabulation, March 27 to April 30, 1917, was \$484,718.51.

POST OFFICE DEPARTMENT EXHIBIT NO. 20.—FLOOR PLAN FOR STANDARD 30-FOOT MAIL APARTMENT CAR FOR NARROW-GAUGE RAILROADS.

This exhibit is supplemental to the statement of the Postmaster General covering standard car floor plans, and Exhibit No. 2 covering floor plans for convertible cars, and completes the set of standard car plans.

POST OFFICE DEPARTMENT EXHIBIT NO. 21.—STATEMENT OF CHARLES H. McBRIDE, NOW SUPERINTENDENT DIVISION OF RAILWAY MAIL PAY STATISTICS, AND SUPERINTENDENT DIVISION OF RAILWAY ADJUSTMENTS AT THE TIME THE RULE FOLLOWED IN DETERMINING THE ROUTES TO BE PLACED ON THE SPACE BASIS WAS MADE.

This exhibit states the rule followed by the department at the time of the installation of the space basis in determining the routes to be placed on the space basis. In general, the restatement of the routes upon the space basis followed the statement of the railway post-office runs which usually coincide with the train runs. In cases also where it was found that a train carried closed-pouch mails over a route or part of a route selected for space basis statement, the remainder of the train run being over a route upon which closed-pouch service only was performed, such service was stated upon the space basis. The remainder of the routes were continued upon the weight basis because, as stated in the Postmaster General's answer to the railroad's petition to vacate the commission's order:

"It is wholly unnecessary to place the closed-pouch routes on the space system of pay for the purpose of properly presenting to the Interstate Commerce Commission the matters referred to them by the act. The weighing of the mails thereon may be done and the collection of the appropriate data with respect to the space occupied by the mails and all other information the commission may desire may be made with equal facility while the service remains as at present stated. Such ascertainment is a mere matter of apportionment based upon the weight or number of pouches and sacks carried, or on measurement in the cars. The data secured will, therefore, furnish as complete a comparison with respect to the bases of pay as if the routes were formally authorized on the space basis."

POST OFFICE DEPARTMENT EXHIBIT NO. 22.—STATEMENT OF CHARLES H. McBRIDE, NOW SUPERINTENDENT DIVISION OF RAILWAY MAIL PAY STATISTICS, AND SUPERINTENDENT DIVISION OF RAILWAY ADJUSTMENTS AT THE TIME THE RULINGS NOS. 10 AND 11, WERE ADOPTED.

This exhibit states the basis for the rules followed by the department in determining the linear feet of closed-pouch space and storage space needed, and describes the basis for the count of sacks to be accommodated in each linear foot of space. This basis was predicated upon 145 tests consisting of actual counts of mail, conducted in every division of the Railway Mail Service which showed that an average of $45\frac{1\frac{3}{4}}{4}$ sacks of mail could be piled in 3 linear feet of space both sides of car. It also states the basis for the rule to count three outside pieces of mail or empty equipment as one sack.

POST OFFICE DEPARTMENT EXHIBIT NO. 23.—STATEMENT BY RAILROAD COMPANIES OR SYSTEMS OF THE ANNUAL MILES OF SERVICE FOR THE SEVERAL UNITS, WITH THE ANNUAL RATES OF PAY FOR THE SAME, THE ANNUAL RATES FOR INITIAL AND TERMINAL ALLOWANCES, AND TOTAL ANNUAL PAY, AUTHORIZED ON MARCH 27, 1917.

This exhibit shows for each railroad company whose routes were stated upon the space basis, the authorized annual miles of service as of March 27, 1917 (the beginning of the statistical weighing period), the annual rate of line pay, initial and terminal allowance, and total pay for each of the units of service, and the totals for each company for all classes of service stated upon the space basis. The totals for all companies whose service was stated upon the space basis of pay on March 27, 1917, were as follows:

Annual miles of service	557, 151, 915. 99
Annual rate of line pay	\$53, 873, 590. 07
Annual rate of initial and terminal allowance	5, 880, 089. 14
Total annual rate of pay	59, 753, 679. 21

This exhibit, together with Exhibit No. 24, supplements the statement showing transportation required of all railway common carriers in the carriage of the mails whose

service was stated on the space basis of pay as of November 1, 1916, as presented on pages 20 to 659 of the statement of the Postmaster General submitted to the commission on February 26, 1917, by showing the same information, by totals for companies, as of March 27, 1917, the beginning of the statistical period.

POST OFFICE DEPARTMENT EXHIBIT NO. 24.—STATEMENT OF RAILROAD MAIL ROUTES STATED UPON SPACE BASIS OF PAY MARCH 27, 1917; AUTHORIZED ANNUAL MILES OF SERVICE; AUTHORIZED ANNUAL RATES OF LINE PAY, AND INITIAL AND TERMINAL ALLOWANCES, AND THE AVERAGE DAILY WEIGHT OF MAILS CARRIED ON SUCH ROUTES, AS SHOWN BY A SPECIAL WEIGHING FOR 35 DAYS, MARCH 27 TO APRIL 30, 1917, INCLUSIVE.

This exhibit shows for each railroad company, whose routes were stated upon the space basis of payment, the length of each route or part of route so stated; the annual miles of service, annual rate of line pay, annual rate of initial and terminal allowance, and total annual rate of pay for service authorized on March 27, 1917; and the average daily weight carried upon each such route during the statistical weighing period, March 27 to April 30, 1917. The total results shown in this exhibit are as follows:

Length of routes (miles).....	244,740.63
Annual miles of service.....	557,151,915.99
Annual rate of line pay.....	\$53,873,590.07
Annual rate of initial and terminal allowance.....	5,880,089.14
Total annual rate of pay.....	59,753,679.21

This exhibit, together with Exhibit No. 23, supplements the statement of service required and authorized on November 1, 1916, as shown on pages 20 to 659 of the statement of the Postmaster General submitted to the commission on February 26, 1917, by showing the same information, by route totals, as of March 27, 1917; and in addition shows the average daily weight of mails carried upon each of the routes stated upon the space basis ascertained from the results of the special weighing of the mails, March 27 to April 30, 1917.

POST OFFICE DEPARTMENT EXHIBIT NO. 25.—STATEMENT OF FULL RAILWAY POST OFFICE, STORAGE, AND APARTMENT RAILWAY POST OFFICE CARS OF THE STANDARD SIZE AND OF CARS OF LESSER LENGTH ACCEPTED, REQUIRED TO OPERATE THE SERVICE AUTHORIZED AS OF MARCH 27, 1917.

This exhibit shows for each railroad company and each railway post-office line the number of cars necessary to fill authorizations of specific units authorized as of March 27, 1917, in full railway post-office cars and apartment railway post-office cars; the number of cars necessary as operated by the railroad companies; the number of cars of lesser length authorized, operated, and paid for pro rata; and the number of storage cars necessary to cover regular authorizations; also states the practice with respect to maintenance by the railroad companies of reserve cars; also the number of mail storage car movements operated under authorizations of irregular frequency during the statistical period March 27 to April 30, 1917, and the number of emergency mail storage cars additional operated during the statistical period March 27 to April 30, 1917.

POST OFFICE DEPARTMENT EXHIBIT NO. 26.—STATEMENT SHOWING, BY RAILROAD COMPANIES, THE CHARACTER OF CONSTRUCTION OF FULL RAILWAY POST OFFICE CARS AND APARTMENT RAILWAY POST OFFICE CARS, OWNED AND OPERATED IN CONNECTION WITH RAILROAD MAIL SERVICE AS OF MARCH 27, 1917.

This exhibit shows for each railroad company the kind of mail-car equipment (full railway post-office cars and apartment railway post-office cars) owned and operated in connection with railroad mail service as of March 27, 1917, classifying the same according to the length of cars and whether constructed of steel, steel underframe, or wood. The results for all railroad companies shown by this exhibit are as follows:

Kind.	Steel.	Steel underframe.	Wood.
Apartment cars, less than 15 feet in length.....	47	1	262
Apartment cars, 15 feet and less than 30 feet in length.	190	136	1,725
Apartment cars and full railway post-office cars of 30 feet and less than 60 feet in length.....	790	420	1,035
Full railway post-office cars, 60 feet and upward....	828	168	130

Total number of cars, 5,742.

POST OFFICE DEPARTMENT EXHIBIT NO. 27.—CIRCULAR LETTERS OF INSTRUCTION AND FORMS.

This exhibit embraces copies of all circular letters of instruction issued by the Post Office Department in connection with the statistical inquiry and copies of all blank forms used in reporting and tabulating the information.

POST OFFICE DEPARTMENT EXHIBIT NO. 28.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE ATLANTIC COAST LINE RAILROAD CO.

This exhibit recapitulates by route totals the information as to space submitted by the Atlantic Coast Line Railroad Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 29.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE BALTIMORE & OHIO RAILROAD CO.

This exhibit recapitulates by route totals the information as to space submitted by the Baltimore & Ohio Railroad Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 30.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE BANGOR & AROOSTOOK RAILROAD CO.

This exhibit recapitulates by route totals the information as to space submitted by the Bangor & Aroostook Railroad Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 31.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE HOCKING VALLEY RAILWAY CO.

This exhibit recapitulates by route totals the information as to space submitted by the Hocking Valley Railway Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 32.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE NORTHERN PACIFIC RAILROAD CO.

This exhibit recapitulates by route totals the information as to space submitted by the Northern Pacific Railroad Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 33.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE OREGON SHORT LINE RAILROAD CO.

This exhibit recapitulates by route totals the information as to space submitted by the Oregon Short Line Railroad Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 34.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE SAN ANTONIO & ARANSAS PASS RAILWAY CO.

This exhibit recapitulates by route totals the information as to space submitted by the San Antonio & Aransas Pass Railway Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 35.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE SOUTHERN PACIFIC CO.

This exhibit recapitulates by route totals the information as to space submitted by the Southern Pacific Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

POST OFFICE DEPARTMENT EXHIBIT NO. 36.—RECAPITULATION OF R. M. P. FORM NO. 301, CONSOLIDATED STATEMENT OF TRACK MILEAGE, TRAIN MILEAGE, CAR MILEAGE AND CAR-FOOT MILEAGE, BY CLASSES OF SERVICE.

This exhibit recapitulates for 571 railroad companies or systems the consolidated statements of track mileage, train mileage, car mileage, and car-foot mileage of the passenger-train service operated during the period March 27 to April 30, 1917, inclusive; and the car-foot mileage classified as to passenger service, miscellaneous service, express service, authorized mail service, unauthorized space claimed in connection with mail service, unused space claimed in connection with mail service, and all other unused space, classified as between full cars and mixed cars. In connection with this exhibit an addendum was subsequently submitted as part of Exhibit No. 44, which corrected the totals as shown by Exhibit No. 36. These corrected totals are as follows:

Track mileage.....	232, 462
Train mileage.....	54, 244, 391
Car mileage.....	302, 086, 158
Car-foot mileage, total of all services.....	19, 032, 772, 207

The total of the subdivisions of the car-foot mileage and the percentages of each to the whole are as follows:

Subdivisions.	Car-foot miles.	Percentage of the whole.
Passenger, full cars	12,602,053,310	
Passenger, mixed cars	1,226,853,687	
Total	13,828,906,997	72.66
Miscellaneous, full cars	394,216,329	
Miscellaneous, mixed cars	122,294,892	
Total	516,511,221	2.71
Express, full cars	1,642,093,283	
Express, mixed cars	694,044,293	
Total	2,336,137,576	12.27
Authorized mail, full railway post-office cars	463,563,336	
Authorized mail, full storage cars	264,407,441	
Authorized mail, mixed cars	592,338,086	
Total	1,320,308,863	6.94
Unauthorized space claimed in connection with mail in full cars	32,212,004	
Unauthorized space claimed in connection with mail in mixed cars	75,287,660	
Unused space claimed in connection with mail service	216,233,004	
All other unused space	707,174,882	
Total	1,030,907,550	5.42
Grand total	19,032,772,207	100.00

POST OFFICE DEPARTMENT EXHIBIT NO. 37.—STATEMENT SHOWING ANALYSIS OF EXPRESS MATTER CARRIED BY ALL EXPRESS COMPANIES AS COVERED BY WAYBILLS DATED APRIL 2, 6, 12, 17, 21, AND 25, 1917.

This exhibit shows for each of the classifications of express matter the number of transactions, the weight in pounds and tons, pound-miles, ton-miles, revenue, revenue per ton-mile, payments to railroads in total and per ton-mile, average distance hauled per ton, average weight per shipment, average revenue per shipment and per pound, tabulated from waybills dated April 2, 6, 12, 17, 21, and 25, 1917, handled by the American, Adams, Great Northern, Northern, Southern, Western, and Wells Fargo Express Cos. The exhibit consists of four parts—(1) with the revenues on basis of charges as made to the public for the six days' business; (2) with the revenues on basis of charges as made to the public plus 10 per cent in order to

illustrate the effect of the increase in rates effective in July, 1918, covering the six days' business; (3) based on revenue on basis of charges made to the public and covering the month of April, 1917; (4) based on revenues on basis of charges as made to the public plus 10 per cent, covering the month of April, 1917. The payments to railroads per ton-mile shown by Part 1 of this exhibit for the several classifications of express matter are as follows:

Group No.	Classifications.	Payments to railroads per ton-mile.
		<i>Cents.</i>
1	First class, or higher, L. C. L	5.16
2	Second class, L. C. L	4.60
4	All other freight food and drink, L. C. L	3.33
5	All other freight other than food and drink, L. C. L	6.29
	Total L. C. L	4.83
6	First class, C. L	3.27
7	Second class, C. L	2.31
8	All other freight food and drink, C. L	1.22
9	All other freight other than food and drink, C. L	2.27
	Total C. L	2.05
	Grand total C. L. and L. C. L	4.50
	Total of groups Nos. 2, 4, 7, and 8	3.43

POST OFFICE DEPARTMENT EXHIBIT NO. 38.—STATEMENT OF ANNUAL RATES OF PAY, ETC., ON FORMER WEIGHT BASIS RAILROAD MAIL ROUTES COVERED BY ROUTES STATED UPON SPACE BASIS, AND OF ROUTES CONTINUED ON WEIGHT BASIS, AND OF RATES OF PAY ALLOWABLE ON BASIS OF WEIGHTS TAKEN DURING STATISTICAL PERIOD.

This exhibit shows for each railroad company carrying the mails the numbers of space routes; the numbers of former weight routes or parts of routes covered by such space routes with their termini and length; the year the mails were last weighed on such former weight routes; the average daily weight of mails ascertained from such weighings; the annual rate of pay for transportation and railway post-office car service as adjusted under the provisions of the act of 1873 and amending acts, based upon the average daily weights of mails taken at the last weighing on such routes; the average daily weight of mails as ascertained by the special weighing, March 27 to April 30, 1917; and the

annual rate of pay applicable under the provisions of the act of 1873 and amending acts, to such weights of mails and for railway post-office cars. It also shows for routes continued upon the weight basis of payment the same character of information. The results for all railroad companies are shown to be as follows:

Annual rate of pay under adjustments upon the weight basis under the provisions of the act of 1873 and amending acts:

Transportation.....	\$58, 186, 630. 27
Railway post-office cars.....	3, 977, 675. 03
Total.....	<u>62, 164, 305. 30</u>

Annual rate of pay applicable to weights of mail ascertained by special weighing, Mar. 27 to Apr. 30, 1917:

Transportation.....	65, 569, 234. 07
Railway post-office cars.....	3, 977, 675. 03
Total.....	<u>69, 546, 909. 10</u>

POST OFFICE DEPARTMENT EXHIBIT NO. 39—RECAPITULATION OF FORM R. M. P. NO. 1.—STATEMENT OF COMPLETE OPERATION OF TRAINS AND OF FULL CARS THEREIN USED EXCLUSIVELY FOR PASSENGER, MISCELLANEOUS, AND EXPRESS SERVICES.

This exhibit recapitulates for 571 railroad companies the data reported by them of train-miles, car-miles, and car-foot miles for all passenger trains operated by them during the period March 27 to April 30, 1917; and of the car-miles and car-foot miles of full cars used exclusively for the passenger service (including baggage cars), miscellaneous service, and express service, and operated in passenger trains during the same period.

Subsequent to the submission of Exhibit No. 39 an addendum to the same was submitted as part of Exhibit No. 44, and the corrected results as shown by this addendum are as follows:

Complete operation of trains:

Train-miles.....	54, 244, 391
Car-miles.....	302, 086, 158
Car-foot miles.....	19, 032, 772, 207

Full cars used exclusively for—

Passenger service (including baggage cars):	
Car-miles.....	192, 113, 438
Car-foot miles.....	12, 602, 053, 310
Miscellaneous service:	
Car-miles.....	8, 375, 799
Car-foot miles.....	394, 216, 329
Express service:	
Car-miles.....	28, 989, 651
Car-foot miles.....	1, 642, 093, 283

POST OFFICE DEPARTMENT EXHIBIT NO. 40—RECAPITULATION OF FORM R. M. P. NO. 2.—STATEMENT OF COMPLETE OPERATION OF FULL RAILWAY POST-OFFICE CARS AND MAIL-STORAGE CARS.

This exhibit recapitulates for 70 railroad companies which operated full railway post-office cars and mail-storage cars the data reported by them as to the car-miles and car-foot miles of full railway post-office cars and mail-storage cars authorized, and of the excess over the authorized space, and unauthorized and unused space claimed in connection with the operation of full railway post-office cars and mail-storage cars, operated during the period March 27 to April 30, 1917.

Subsequent to the submission of Exhibit No. 40, there was prepared and submitted an addendum thereto as part of Exhibit No. 44, and the corrected results shown by this addendum are as follows:

Full railway post-office cars authorized:

Car-miles.....	7, 712, 325
Car-foot miles (authorized service).....	463, 563, 336
Car-foot miles (excess over authorized space).....	14, 772, 451

Full railway post-office cars operated but not authorized for mail service:

Car-miles.....	78, 758
Car-foot miles.....	4, 751, 818

Mail-storage cars:

Car-miles authorized.....	4, 569, 476
Car-foot miles (authorized service).....	264, 407, 441
Car-foot miles (excess over authorized space).....	5, 407, 585

Mail-storage cars operated but not authorized for mail service:

Car-miles.....	119, 163
Car-foot miles.....	7, 280, 150

POST OFFICE DEPARTMENT EXHIBIT NO. 41—RECAPITULATION OF FORM R. M. P. NO. 3.—STATEMENT OF THE OPERATION OF MIXED CARS (INCLUDING COMBINATION CARS AND ALL OTHER CARS CARRYING MORE THAN ONE CLASS OF TRAFFIC) AND THE DIVISION OF THE SPACE THEREIN TO THE PASSENGER, BAGGAGE, MISCELLANEOUS, EXPRESS, AND AUTHORIZED MAIL SERVICE, AND UNAUTHORIZED AND UNUSED SPACE.

This exhibit recapitulates for 571 railroad companies the data reported by them as to the car-miles and car-foot miles of all mixed cars operated during the period March 27 to April 30, 1917, with the car-foot miles of such operation performed in passenger service, baggage service, miscellaneous service, express service, authorized mail service, unauthorized and unused space claimed in connection with mail service, and all other unused space.

Subsequent to the submission of Exhibit No. 41, an addendum was prepared to this exhibit and submitted as part of Exhibit No. 44. The corrected results shown by the addendum are as follows:

Operation of all mixed cars:

Car-miles.....	60, 127, 548
Car-foot miles.....	3, 634, 226, 504
Parts of mixed cars used for:	
Passenger service: Car-foot miles.....	568, 722, 931
Per cent of whole, 15.65.	
Baggage service: Car-foot miles.....	658, 130, 756
Per cent of whole, 18.11.	
Miscellaneous service: Car-foot miles.....	122, 294, 892
Per cent of whole, 3.36.	
Express service: Car-foot miles.....	694, 044, 293
Per cent of whole, 19.10.	
Authorized mail service: Car-foot miles.....	592, 338, 086
Per cent of whole, 16.30.	
Unauthorized space claimed in connection with mail service: Car-foot miles.....	75, 287, 660
Per cent of whole, 2.07.	
Unused space claimed in connection with mail service: Car-foot miles.....	115, 031, 536
Per cent of whole, 3.17.	
All other unused space: Car-foot miles.....	707, 174, 882
Per cent of whole, 19.46.	
Unused space in full cars claimed as necessary operation in lieu of lesser mail space: Car-foot miles....	101, 201, 468
Per cent of whole, 2.78.	

POST OFFICE DEPARTMENT EXHIBIT NO. 42—RECAPITULATION OF FORM R. M. P. NO. 4.—STATEMENT OF OPERATION OF RAILWAY POST-OFFICE APARTMENTS IN COMBINATION CARS AND OF MAIL STORAGE SPACE, CLOSED-POUCH SPACE, AND UNAUTHORIZED AND UNUSED SPACE IN MIXED CARS.

This exhibit shows for 571 railroad companies the data reported by them as to the car-foot miles operated in connection with railway post-office apartments in combination cars, authorized space and unauthorized space claimed in connection therewith; operation of mail storage space in mixed cars and unauthorized space claimed in connection therewith; and operation of closed-pouch space in mixed cars and unauthorized space claimed in connection therewith.

Subsequent to the submission of Exhibit No. 42, an addendum thereto was prepared and submitted as part of Exhibit No. 44, and the corrected totals as shown by the addendum are as follows:

Railway post-office apartments in combination cars:	Car-foot miles.
Authorized space.....	484, 114, 751
Excess over authorized space.....	154, 746, 900
Unauthorized space claimed in connection therewith...	45, 244, 090
Total	<u>684, 105, 741</u>
Mail storage space in mixed cars:	
Authorized space.....	62, 141, 479
Unauthorized space claimed in connection therewith..	64, 872, 350
Total	<u>127, 013, 829</u>
Closed-pouch space in mixed cars:	
Authorized space.....	46, 081, 856
Unauthorized space claimed in connection therewith..	26, 657, 324
Total	<u>72, 739, 180</u>
Grand total.....	<u>883, 858, 750</u>

POST OFFICE DEPARTMENT EXHIBIT NO. 43.—CONSOLIDATED STATEMENT OF SPACE STATISTICS OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD CO.

This exhibit recapitulates by route totals the information as to space submitted by the New York, New Haven & Hartford Railroad Co. upon R. M. P. Forms Nos. 1, 2, 3, and 4.

**POST OFFICE DEPARTMENT EXHIBIT NO. 44.—AD-
DENDA TO EXHIBITS NOS. 36, 39, 40, 41, 42.**

This exhibit is fully explained under Exhibits Nos. 36, 39, 40, 41, and 42, respectively.

**POST OFFICE DEPARTMENT EXHIBIT NO. 45.—STATE-
MENT SHOWING THE ESTIMATED ANNUAL COM-
PENSATION AT THE SPACE BASIS RATES OF PAY,
UPON THE RAILROAD MAIL ROUTES CONTINUED
UPON THE WEIGHT BASIS OF PAY, BASED UPON
THE SERVICE PERFORMED UNDER THE WEIGHT
BASIS OF PAY, DURING THE STATISTICAL PERIOD
MARCH 27 TO APRIL 30, 1917, INCLUSIVE.**

This exhibit shows for each railroad company whose mail routes were stated upon the weight basis of pay the estimated annual rate of line pay, initial and terminal allowance, and total pay that they would have received had the routes been stated upon the space basis of pay, based upon the service performed during the statistical period March 27 to April 30, 1917, inclusive. The totals for all railroad companies shown by this exhibit are as follows:

Estimated annual rate of line pay.....	\$351,509.14
Estimated annual initial and terminal allowance.....	393,652.01
Total.....	745,161.15
Annual rate of pay of record on the routes embraced in this exhibit under the weight basis as of Mar. 27, 1917.....	1,072,498.68

**POST OFFICE DEPARTMENT EXHIBIT NO. 46.—STATE-
MENT SHOWING THE ESTIMATED ANNUAL RATE OF
PAY THAT WOULD HAVE ACCRUED, BASED UPON
THE SERVICE IN EFFECT ON MARCH 27, 1917
(POST OFFICE DEPARTMENT EXHIBIT NO. 5), AT
RATES FOR LINE PAY AND INITIAL AND TER-
MINAL ALLOWANCES PRO RATA OF THE MAXI-
MUM RATES FIXED BY LAW FOR 60-FOOT FULL
RAILWAY POST-OFFICE CAR AND STORAGE CAR
SERVICES.**

This exhibit shows for each of the classes of service authorized under the space-basis system of payment (separated as to nonland-grant and land-grant), the estimated annual rate of line pay and initial and terminal allowance that would have accrued in each class of service at rates pro rata of the maximum rates fixed by the act of

July 28, 1916, for railway post-office car and storage car services. The results of this exhibit are shown as follows:

Annual miles of service (P. O. D. Exhibit No. 5).....	557, 151, 915. 99
Estimated annual rate of line pay.....	\$51, 440, 482. 61
Estimated annual rate of initial and terminal allowance..	4, 500, 592. 22
Total.....	55, 941, 074. 83

POST OFFICE DEPARTMENT EXHIBIT NO. 47.—CLASSIFICATION AND DESCRIPTION OF THE CHARACTER OF THE UNAUTHORIZED AND UNUSED SPACE REPORTED IN CONNECTION WITH THE MAIL SERVICE ON R. M. P. FORMS NOS. 2 AND 4.

This exhibit describes in detail, under appropriate symbols, the character of the several kinds of excess, unauthorized, and unused space reported by the railroads in connection with the mail service on R. M. P. Forms Nos. 2 and 4. The descriptions of the various symbols are as follows:

A. Full R. P. O. car, full mail storage car, R. P. O. apartment in combination car, unit of mail storage space in combination car, or unit of closed-pouch space in combination car, was authorized between points "A" and "B," but the full car or car containing the unit of authorized space was run by the railroad company beyond the authorized distance between "B" and "C." Excess unauthorized. The *full* space in the full car or mail apartment, or the *full* space in the unit of storage or closed-pouch authorization for the excess or unauthorized operation, was reported or entered in connection with the mails.

AE. R. P. O. apartment in combination car was authorized. The railroad company ran an apartment of larger size than that required to fulfill the authorization. Where such larger apartment was run by the company over a distance unauthorized for mail service, the railroad company reported in connection with the mails the excess space and its mileage over the unauthorized distance.

B. Full R. P. O. car, full mail storage car, R. P. O. apartment in combination car, unit of mail storage space in combination car, or unit of closed-pouch space in combination car, was authorized six or less times a week, but the full car or car containing the unit of authorized space

was run by the railroad company on other days of the week. Excess unauthorized. The *full* space in the full car or apartment, or the *full* space in the unit of storage or closed-pouch authorization for the excess operation, was reported or entered in connection with the mails.

BE. R. P. O. 15-foot apartment in combination car was authorized. The railroad company ran an apartment of larger size than that required to fulfill the authorization. Where such larger apartment was run by the company on a day or days unauthorized for mail service, the railroad company reported in connection with the mails the excess space and its mileage for the unauthorized trips.

C. (1) R. P. O. apartment in combination car, unit of mail storage space in combination car, or unit of closed-pouch space in combination car, was authorized daily, one train each way, but the car containing the apartment or unit of authorized space was run by the railroad company, between the points authorized, in other trains also. Excess unauthorized.

(2) R. P. O. apartment in combination car was authorized between "A" and "B," but the car containing the apartment was run by the railroad company in other trains and beyond "B" to "C" over trackage covered by another mail route or trackage over which no mail route was stated. Excess unauthorized.

The full space in the apartment or unit of mail storage or closed-pouch authorization for the excess operation was reported or entered in connection with the mail.

CE. R. P. O. apartment in combination car was authorized on certain trains. The railroad company ran an apartment of larger size than required to fulfill the authorization. Where such larger apartment was run by the company on other trains unauthorized for mail service, the railroad company reported in connection with the mails the excess space and its mileage for the unauthorized trains.

D. R. P. O. apartment-car service was discontinued on a route and storage space or closed-pouch space authorized in lieu thereof. The railroad company continued to run the apartment-car unauthorized by the department

and reported the excess mileage for the full space in the apartment car in connection with the mails.

E. A unit of storage space or closed-pouch space was authorized on a given train for part of the number of days of the week and a lesser unit of storage space or closed-pouch space was authorized on the remaining days of the week. For the days and the mileage on which the lesser unit was authorized there was reported or entered on the reports in connection with the mails the mileage for the difference between the lesser authorization and the greater authorization which was run on the other days of the week.

F. The railroad company ran "deadhead" a combination car containing an unused mail apartment or may run such car in an "extra" train. No space in the car was used by the company or authorized or used for the mails, nor was the car operated in connection with an authorized movement of a mail apartment. The full space in the mail apartment for the excess operation was reported by the railroad company in connection with the mails.

H. Emergency service by units of mail storage space or closed-pouch space in combination cars one way between given points was authorized. The operation of such space for the balance of train run or for the distance of the return movement has been claimed and entered in connection with the mails.

K. A 15-foot or a 30-foot apartment in combination car or unit of mail storage space was authorized, but the railroad company, for its own convenience, furnished and operated in fulfillment of such apartment authorization a full railway post-office car or full storage car, baggage car, or combination car, and reported and entered the mileage for the excess space, the difference between the apartment or mail storage space authorization and the length of the car furnished, for the distance authorized.

M. A unit of storage space or closed-pouch space was authorized between points "A" and "B" and a lesser unit of storage or closed-pouch space was authorized for a farther distance by the same train between "B" and "C." The railroad company reported, or there was entered in connection with the mails, the mileage for the difference

between the greater unit and the lesser unit for the distance from "B" to "C."

R. A unit of storage or closed-pouch space was authorized in one direction between points on a railroad route. The mileage for the full space of the storage or closed-pouch unit for the return movement was reported or entered in connection with the mails.

RM. A unit of storage or closed-pouch space was authorized in one direction between given points on a route and a lesser unit of storage or closed-pouch space was authorized in the opposite direction between the same points. The mileage for the difference between the lesser authorization and the greater authorization of space for the distance of the return movement was reported or entered in connection with the mails.

S. A unit of mail storage space or closed-pouch space was authorized in one direction between points on a route, which distance included a spur. The mileage for the closed-pouch unit for the return train movement over the spur was reported or entered in connection with the mails.

X. R. P. O. apartment in combination car was authorized between points "A" and "B," but the railroad company operated the car unauthorized and unused for mails for the farther distance between "B" and "C." Company has claimed concurrent unauthorized operation of a closed-pouch space or storage space unit over same mileage. The mileage for the closed-pouch or storage space unit for the distance between "B" and "C" was reported or has been entered in connection with the mails.

DIS. The railroad company entered upon Form R. M. P. 4 in the column provided for authorized mail movements, mileage claims for emergency service both in mail storage space and closed-pouch space. When the records of the department have shown that these claims were disallowed the entries have been transferred to column 23, Form 4, for mail storage space and to column 31, Form 4, for closed-pouch space and have been included in column 21, Form 301.

The amounts of car-foot miles, classified under these respective symbols, are recapitulated by railroad companies in Exhibit No. 48.

POST OFFICE DEPARTMENT EXHIBIT NO. 48.—STATEMENT SHOWING THE CLASSIFICATION OF EXCESS, UNAUTHORIZED, AND UNUSED SPACE REPORTED BY THE RAILROAD COMPANIES ON R. M. P. FORMS NOS. 2 AND 4, AS HAVING BEEN OPERATED IN CONNECTION WITH THE MAIL SERVICE.

This exhibit recapitulates by railroad companies reporting such space the car-foot miles of excess, unauthorized, and unused space reported on R. M. P. Forms Nos. 2 and 4 as having been operated in connection with the mail service, as classified by the department under appropriate symbols, according to the character of the space and operation. (For explanation of these symbols see Exhibit No. 47.) The total results for all railroad companies shown on this exhibit are as follows:

Classification.	Car foot miles.	Per cent to whole.
Excess over authorized space in full railway post-office cars....	15,109,636	4.66
Excess over authorized space in full storage cars.....	5,407,585	1.67
Excess over authorized space in railway post office apartments in mixed cars.....	75,846,260	23.40
A.....	30,780,198	9.50
AE.....	2,227,680	.69
B.....	15,678,448	4.84
BE.....	2,072,063	.64
C.....	13,148,811	4.06
CE.....	994,672	.31
D.....	1,064,702	.33
E.....	1,129,061	.35
F.....	9,428,531	2.91
H.....	1,624,158	.50
K.....	100,642,868	31.05
M.....	4,175,116	1.29
R.....	39,064,726	12.05
RM.....	4,203,758	1.30
S.....	101,530	.03
X.....	457,580	.14
DIS.....	912,227	.28
Total.....	324,069,610	100.00

POST OFFICE DEPARTMENT EXHIBIT NO. 49.—STATEMENT SHOWING ESTIMATED AVERAGE DENSITY OF LOADING IN MAIL SERVICE COMPARED WITH ESTIMATED AVERAGE DENSITY OF LOADING IN EXPRESS SERVICE.

This exhibit submits an estimate of the average density of loading per linear foot in the mail service and the estimated average density of loading per linear foot in the express service, computed as to mail service from data shown in Post Office

Department Exhibits Nos. 11 and 36, and as to express service from data shown in Post Office Department Exhibits Nos. 36 and 37. The computations show the estimated average weight of mail per linear foot carried to be 111.70 pounds and the estimated average weight of express per linear foot carried to be 206.91 pounds.

POST OFFICE DEPARTMENT EXHIBIT NO. 50.—STATEMENT SHOWING THE AVERAGE LOAD PER LINEAR FOOT CARRIED IN THE SEVERAL AUTHORIZED UNITS OF CAR SPACE BASED UPON RETURN OF THE SPECIAL WEIGHING, WEEK OF APRIL 12 TO 18, INCLUSIVE, 1917.

This exhibit presents the results of a computation of the average load of mails per linear foot carried in each of the units of service authorized under the space-basis system, computed from the average loads for such units of service as shown in Post Office Department Exhibit No. 12. The computed average loads per linear foot are as follows:

	Pounds.
60-foot full railway post-office cars.....	84. 65
30-foot apartment railway post-office cars.....	55. 83
15-foot apartment railway post-office cars.....	35. 73
60-foot storage cars.....	218. 56
30-foot storage space.....	219. 16
15-foot storage space.....	248. 40
7-foot storage space.....	285. 42
3-foot storage space.....	265. 00

POST OFFICE DEPARTMENT EXHIBIT NO. 51.—STATEMENT SHOWING MILES OF SERVICE AUTHORIZED IN THE SEVERAL UNITS OF SERVICE ON MARCH 27, 1917 (POST OFFICE DEPARTMENT EXHIBIT NO. 5) EQUATED TO 60-FOOT CAR-MILES.

This exhibit shows the equated 60-foot car-miles of the service authorized under the space-basis system in the several units of service as of March 27, 1917, based upon the miles of service authorized on that date, as shown in Post Office Department Exhibit No. 5, together with the percentage

of each class of service to the whole. The results are shown to be as follows:

Units of service.	Car-miles.	Per cent.
60-foot full railway post-office cars.....	86,145,493.41	34.16
30-foot apartment railway post-office cars.....	72,576,495.79	28.78
15-foot apartment railway post-office cars.....	24,241,396.48	9.61
60-foot storage cars.....	50,132,158.05	19.88
30-foot storage space.....	5,376,872.79	2.13
15-foot storage space.....	3,908,430.44	1.55
7-foot storage space.....	1,645,006.36	.65
3-foot storage space.....	507,057.26	.20
7-foot closed-pouch space.....	2,197,479.83	.87
3-foot closed-pouch space.....	5,464,310.77	2.17
Total.....	252,195,307.18	100.00

POST OFFICE DEPARTMENT EXHIBIT NO. 52.—STATEMENT SHOWING THE ESTIMATED TON-MILES PERFORMED IN THE SEVERAL UNITS OF AUTHORIZED SPACE IN EFFECT MARCH 27, 1917, AND RESULTANT RATES OF PAY PER TON PER MILE BASED ON AUTHORIZED ANNUAL RATE OF PAY MARCH 27, 1917 (POST OFFICE DEPARTMENT EXHIBIT NO. 5).

This exhibit shows for each class of service authorized on the space-basis system of pay, the annual miles of service authorized on March 27, 1917 (see Exhibit No. 5), the average loads of each (see Exhibit No. 12), the estimated ton-miles of each class, the per cent of each class to the whole, the annual rate of pay March 27, 1917 (see Exhibit No. 5), and the ton-mile rate of pay for each class. The estimated ton-miles, the per cents, and the ton-mile rates of pay for each unit of service and for the total service are shown to be as follows:

Units of service.	Estimated ton-miles.	Per cent of whole.	Ton-mile rate of pay.
			<i>Cents.</i>
60-foot full railway post-office cars.....	218,700,480	26.48	8.44
30-foot apartment railway post-office cars.....	121,565,630	14.72	14.27
15-foot apartment railway post-office cars.....	25,986,777	3.14	30.38
60-foot storage cars.....	328,716,560	39.79	3.25
30-foot storage space.....	35,352,938	4.28	3.28
15-foot storage space.....	29,125,623	3.53	3.07
7-foot storage space.....	14,091,092	1.71	2.64
3-foot storage space.....	4,631,105	.49	3.07
7-foot closed-pouch space.....	48,454,510	5.86	5.79
3-foot closed-pouch space.....			
Total.....	820,090,715	100.00	17.23

^a Average.

POST OFFICE DEPARTMENT EXHIBIT NO. 53.—STATEMENT SHOWING FOR THE MONTH OF APRIL, 1917, THE OPERATION OF MAIL STORAGE CARS—OUTBOUND TRIPS PERFORMED AND ALLOWED; RETURN LOADED AND EMPTY TRIPS PERFORMED AND ALLOWED; AND RETURN EMPTY TRIPS DUE WHICH WERE USED BY COMPANY OR NOT PERFORMED AND NOT PAID FOR.

This statement shows for each route upon which units of mail storage cars were authorized during the month of April, 1917, the number of trips and miles of service of outbound trips of such cars performed and for which payment was allowed; the number of trips and miles of service of return loaded trips in such cars performed and for which payment was allowed; the number of trips and miles of service of return empty trips of such cars performed and for which payment was allowed; and the number of trips and miles of service of return empty trips of such cars due which were either used by the company for its own purposes or not performed and for which payment was not allowed. It is shown by this exhibit that 78.40 per cent of the miles of service of outbound trips was performed in return loaded trips for which payment was allowed, that 15.61 per cent of the miles of service of outbound trips was performed in empty return trips paid for, and that 5.99 per cent of the miles of service of outbound trips was either used by the company in the return direction or not performed and was not paid for.

POST OFFICE DEPARTMENT EXHIBIT NO. 54.—STATEMENT OF THE WEIGHT, TON-MILES, MAIL PAY PER ANNUM AND PER TON-MILE OF SHIPMENTS OF PERIODICAL SECOND-CLASS MAIL MATTER IN FAST-FREIGHT TRAINS AND BY STEAMSHIP, FOR THE FISCAL YEAR ENDED JUNE 30, 1918.

This exhibit presents complete statistics for the fiscal year ended June 30, 1918, of the shipments of periodical second-class mail matter in fast freight trains and by steamship, the results being as follows:

Fast-freight trains:

Total weight of periodical mails shipped.....pounds..	115, 442, 758
Number of tons.....	57, 721
Cost of transportation and cartage.....	\$773, 754. 27
Average ton-mile cost.....cents..	1. 518
Average haul per ton.....miles..	883

Steamships:

Total weight of periodical mails shipped.....pounds..	4, 490, 489
Number of tons.....	2, 249
Cost of transportation and cartage.....	\$20, 806. 72
Average ton-mile cost.....cents..	. 519
Average haul per ton.....miles..	1, 783

POST OFFICE DEPARTMENT EXHIBIT NO. 55.—STATEMENT SHOWING, FOR CERTAIN SELECTED RAILROAD COMPANIES, AND REPRESENTING AVERAGE CONDITIONS, THE MAXIMUM AND MINIMUM NUMBER OF SACKS AND POUCHES IN CAR AT ANY ONE TIME, CARRIED IN UNITS OF STORAGE SPACE AND CLOSED-POUCH SPACE DURING THE WEEK OF APRIL 12 TO 18, INCLUSIVE, 1917, AS REPORTED BY THE RAILROAD COMPANIES ON R. M. P. FORM NO. 6.

This exhibit shows for 15 railroad systems located in different sections of the country the maximum and minimum number of sacks or pouches at any one time carried in authorized units of storage and closed-pouch space, and such emergency units as were authorized in the same trains during the week April 12 to 18, 1917, inclusive. These figures were tabulated from the reports of the railroad companies made upon R. M. P. Form No. 6.

POST OFFICE DEPARTMENT EXHIBIT NO. 56.—STATEMENT SHOWING FOR THE MONTH OF APRIL, 1917, THE TOTAL PAY RECEIVED FROM RAILROAD COMPANIES BY CONTRACTORS FOR CONVEYING THE MAILS BETWEEN RAILROAD STATIONS AND POST OFFICES, AND TRANSFERRING MAILS BETWEEN RAILROAD STATIONS; AND BY RAILROAD EMPLOYEES, A PART OF WHOSE TIME WAS OCCUPIED IN THE HANDLING OF THE MAILS BETWEEN RAILROAD STATIONS AND POST OFFICES AND BETWEEN RAILROAD STATIONS, AS REPORTED BY THE RAILROAD COMPANIES ON R. M. P. FORM NO. 5; AND THE PART OF THE PAY OF SUCH EMPLOYEES APPORTIONED TO THE MAIL SERVICE.

This exhibit shows for each of the railroads listed, for the month of April, 1917, the total pay of contractors employed by railroad companies to transport the mails between railroad stations and post offices and between railroad stations, the total pay of railroad employees handling mails between

railroad stations and post offices, and the part of the total pay of such railroad employees apportioned to the mail service on the basis of the ratio of time reported by the railroads as being consumed by their employees in the discharge of duties connected with the handling of the mails as indicated, to the total time of employment of such employees. This exhibit is a tabulation of statistics reported by the railroads upon R. M. P. Form No. 5 and, for the companies represented, gives the following totals for all such railroad companies:

Total pay of railroad contractors.....	\$32,851.58
The part of total pay of railroad employees apportioned to mail service.....	71,286.94
Total.....	104,138.52

POST OFFICE DEPARTMENT EXHIBIT NO. 57.—STATEMENT SHOWING MILES OF TRAVEL OF EXPRESS OFFICIALS AND EMPLOYEES, JOINT EXPRESS AND RAILROAD EMPLOYEES, AND MAIL OFFICIALS AND EMPLOYEES, WHILE ON DUTY AND PERFORMING CUSTOMARY SERVICES, AND WHILE OCCUPYING SEATS IN PASSENGER COACHES AND OTHER PASSENGER CARS, AS REPORTED BY THE RAILROAD COMPANIES, FOR THE MONTH OF APRIL, 1917.

This exhibit shows for the railroad companies listed the miles of travel of express officials and employees, of joint express and railroad employees, and of mail officials and employees (1) while on duty and performing customary services in express, baggage, or mail cars, respectively; (2) while occupying seats in passenger coaches and other passenger cars. The results of this exhibit are as follows:

	On duty and performing customary services.	While occupying seats in passenger coaches or other passenger cars.	Total.
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Travel of express officials and employees.....	26,769,069	1,994,992	28,764,061
Travel of joint express and railroad employees.....	10,052,321	107,631	10,159,952
Travel of mail officials and employees.....	56,214,352	4,735,395	60,949,747

POST OFFICE DEPARTMENT EXHIBIT NO. 58.—COPIES OF EXPRESS CONTRACTS BETWEEN VARIOUS RAILROADS AND THE EXPRESS COMPANIES.

This exhibit submits copies of express contracts between the American Railway Express Co. and the United States Railway Administration; the standard form of the American Express Co. prior to July 1, 1918; the Adams Express Co. and the Chesapeake & Ohio Railroad Co. June 20, 1913; the Southern Express Co. and the Cincinnati, New Orleans & Texas Pacific Railway Co. July 17, 1911; and the Wells Fargo Express Co. and the Chicago, Milwaukee & St. Paul Railway Co. January 23, 1909.

POST OFFICE DEPARTMENT EXHIBIT NO. 59.—STATEMENT SHOWING FINES IMPOSED ON RAILROADS DURING THE FISCAL YEAR ENDED JUNE 30, 1917, ON ACCOUNT OF LOSS AND DAMAGE TO MAILS RESULTING FROM WRECKS, FIRES, DEPREDATIONS, ETC.

This exhibit submits a statement showing the fines imposed on railroads carrying the mails during the fiscal year ended June 30, 1917, on account of loss and damage to the mails resulting from wrecks, fires, depredations, etc. The total amount of the fines imposed in that year for these causes was \$2,248.

POST OFFICE DEPARTMENT EXHIBIT NO. 60.—STATEMENT DESCRIBING THE SEVERAL CLASSES OF RAILROAD MAIL SERVICE IN POSTAL AND BAGGAGE CARS; THE CHARACTER AND FURNISHINGS OF THE EQUIPMENT USED; SERVICE PERFORMED BY POSTAL AND RAILROAD EMPLOYEES IN CONNECTION THEREWITH, ETC.

This exhibit describes in detail the full railway post-office car service, storage car service, apartment railway post-office car service, storage-space service, and closed-pouch service, stating the character of the cars used and of the furnishings therein, and the services performed by postal and railway employees in connection therewith.

POST OFFICE DEPARTMENT EXHIBIT NO. 61.—STATEMENT SHOWING THE RESULT OF TESTS MADE BY THE RAILWAY MAIL SERVICE TO DETERMINE THE NUMBER OF SACKS OF MAIL THAT COULD BE PILED IN CERTAIN AUTHORIZED UNITS OF CAR SPACE, ETC.

This exhibit submits a statement by the Division of Railway Mail Service, giving results of tests made during the period January 26 to February 1, 1919, on a large number of representative railway post-office lines to determine the number of sacks of mail that can be piled in 3 and 7 foot units of car space. The results of these tests show that the average of all these tests for a 3-foot unit of space was 50.69 sacks; in a 7-foot unit, 116.43 sacks. The number of pieces of parcel post and other mail outside of sacks piled in a 3-foot unit is 73.84 pieces, and in a 7-foot unit, 168.26 pieces; and the number of pieces of parcel post and other mail carried outside of sack, which would actually be placed in a sack, 1.18 pieces.

POST OFFICE DEPARTMENT EXHIBIT NO. 62.—LIST OF ALL RAILROAD MAIL CARRIERS WHOSE REPORTS ARE EMBRACED IN RECAPITULATION OF R. M. P. FORMS NOS. 70 AND 71.

This exhibit submits a list of the railroad companies whose reports of operating expenses, other expenses out of operating revenues, net income, and other financial data are embraced in the recapitulation of R. M. P. Forms Nos. 70 and 71, submitted to the commission as Exhibit No. 66.

POST OFFICE DEPARTMENT EXHIBIT NO. 63.—LIST OF RAILROAD MAIL CARRIERS EMBRACED IN RECAPITULATION FOR CLASS I CARRIERS ON R. M. P. FORMS NOS. 70 AND 71. THIS LIST INCLUDES ALL CLASS I CARRIERS WHICH RENDERED REPORTS ON R. M. P. FORMS NOS. 1 TO 4, INCLUSIVE, AND NOS. 50 TO 55, INCLUSIVE, IN SUCH A MANNER AS TO PERMIT THE USE OF THE ENTIRE STATISTICS. A FEW CLASS II AND CLASS III CARRIERS ARE INCLUDED IN COMBINATION WITH PARENT COMPANIES.

This exhibit submits a list of Class I railroads whose reports of financial statistics are recapitulated in Post Office Department Exhibit No. 67.

POST OFFICE DEPARTMENT EXHIBIT NO. 64.—EXPLANATION OF METHOD OF APPORTIONMENT OF CAR-MILES IN MIXED CARS (R. M. P. FORM NO. 3) TO THE PASSENGER, EXPRESS, AND MAIL SERVICES, AND OF ASCERTAINMENT OF TOTAL CAR-MILES IN EACH CLASS OF SERVICE.

This exhibit describes in detail the method of apportionment of car-miles in mixed cars reported by the railroad companies on R. M. P. Form No. 3 to the passenger, express, and mail services, and an explanation of the method of ascertainment of the total car-miles for each of the classes of service named under plans Nos. 1 and 2 of the Post Office Department.

POST OFFICE DEPARTMENT EXHIBIT NO. 65.—EXPLANATION OF THE MANNER OF ASSIGNING AND APPORTIONING THE UNAUTHORIZED AND UNUSED SPACE TABULATED ON R. M. P. FORM NO. 301, TO THE PASSENGER, EXPRESS, AND MAIL SERVICES.

This exhibit describes in detail the method followed by the Post Office Department under plans Nos. 1 and 2, in the assignment and apportionment of the excess, unauthorized and unused space reported by the railroads as operated in connection with the mail service, and of all other unused space in mixed cars to the passenger, express, and mail services; and the method of ascertainment of the total car-foot miles chargeable to each of those services.

POST OFFICE DEPARTMENT EXHIBIT NO. 66.—RECAPITULATION OF R. M. P. FORMS NOS. 70 AND 71.

This exhibit presents consolidated totals of the information reported by 262 carriers of Class I and Class II of operating revenues, operating expenses, other expenses out of operating revenues, net income, investment in property, divided (1) as between freight and passenger, and (2) the passenger statistics being subdivided by allocations and apportionments between passenger, express, and mail, according to plans Nos. 1 and 2 of the Post Office Department; and the combination therewith of the car-miles and car-foot miles of each class of service in order to produce unit revenues, costs, and income in each class of service for

the month of April, 1917. The individual statistics for each of the roads represented are embraced in Exhibit No. 68, and the results of this exhibit are further recapitulated and compared in Exhibit No. 75.

The total results shown by this exhibit are as follows, under plan No. 2 of the Post Office Department:

Item.	Passenger.	Express.	Mail.	Totals.
Car-miles	195,846,376	38,953,189	19,543,716	254,343,281
Car-foot-miles.....	12,618,886,723	2,264,443,277	1,168,247,390	16,051,577,390
Operating revenues.....	\$59,617,696.61	\$8,173,399.16	\$4,379,420.43	\$72,170,516.20
Operating expenses.....	\$42,743,706.93	\$6,648,859.23	\$3,529,671.90	\$52,922,238.06
Other expenses.....	\$3,063,653.24	\$462,086.68	\$252,481.72	\$3,778,221.64
Net income.....	\$13,810,336.44	\$1,062,453.25	\$597,266.81	\$15,470,056.50

The per cent of car-miles and car-foot-miles in each class of service to the whole is as follows:

Passenger.....	78.61
Express.....	14.11
Mail.....	7.28
Total.....	100.00

The unit figures in each class are shown to be as follows:

Item.	Passenger.		Express.		Mail.	
	Car-mile.	Car-foot-mile.	Car-mile.	Car-foot-mile.	Car-mile.	Car-foot-mile.
	<i>Cents.</i>	<i>Mills.</i>	<i>Cents.</i>	<i>Mills.</i>	<i>Cents.</i>	<i>Mills.</i>
Operating revenues.....	30.44	4.73	20.98	3.61	22.41	3.75
Operating expenses.....	21.83	3.39	17.07	2.94	18.06	3.02
Other expenses.....	1.56	.24	1.19	.20	1.29	.22
Total expenses.....	23.39	3.63	18.26	3.14	19.35	3.24
Net income.....	7.05	1.10	2.72	.47	3.06	.51

POST OFFICE DEPARTMENT EXHIBIT NO. 67.—RECAPITULATION OF R. M. P. FORMS NOS. 70 AND 71, FOR 138 FIRST-CLASS ROADS.

This exhibit presents the same class of statistics contained in Exhibit No. 66, for carriers of Class I only, comprising 138 roads of that class. The total results shown by

this exhibit are as follows under plan No. 2 of the Post Office Department:

Item.	Passenger.	Express.	Mail.	Totals.
Car-miles.....	193,984,221	38,701,471	19,370,709	252,056,401
Car foot-miles.....	12,519,077,057	2,251,177,044	1,159,214,136	15,929,468,237
Operating revenues.....	\$59,085,083.88	\$8,125,086.20	\$4,329,776.34	\$71,539,946.42
Operating expenses.....	\$42,223,639.71	\$6,585,260.96	\$3,484,115.04	\$52,293,015.71
Other expenses.....	\$3,004,783.32	\$455,797.97	\$248,020.27	\$3,708,601.56
Net income.....	\$13,856,660.85	\$1,084,027.27	\$597,641.03	\$15,538,329.15

The per cent of car-miles and car-foot miles in each class of service to the whole is as follows:

Passenger.....	78.59
Express.....	14.13
Mail.....	7.28
Total.....	100.00

The unit figures in each class of service are shown to be as follows:

Item.	Passenger.		Express.		Mail.	
	Car-mile.	Car-foot mile.	Car-mile.	Car-foot mile.	Car-mile.	Car-foot mile.
Operating revenues.....	<i>Cents.</i> 30.46	<i>Mills.</i> 4.72	<i>Cents.</i> 20.99	<i>Mills.</i> 3.61	<i>Cents.</i> 22.35	<i>Mills.</i> 3.74
Operating expenses.....	21.77	3.37	17.02	2.93	17.99	3.01
Other expenses.....	1.55	.24	1.17	.20	1.28	.21
Total expenses.....	23.32	3.61	18.19	3.13	19.27	3.22
Net income.....	7.14	1.11	2.80	.48	3.08	.52

POST OFFICE DEPARTMENT EXHIBIT NO. 68.—COPIES OF STATEMENTS ON R. M. P. FORM NOS. 70 AND 71 FOR 262 FIRST AND SECOND CLASS RAILROAD COMPANIES.

This exhibit presents copies of the individual statements prepared by the department on R. M. P. Forms Nos. 70 and 71 for 262 first and second class railroad companies, which statements are consolidated and the results submitted in Exhibits Nos. 66 and 67.

POST OFFICE DEPARTMENT EXHIBIT NO. 69.—TABLE SHOWING THE RESULTS OF THE APPLICATION TO THE TON-MILES OF MAIL SERVICE PERFORMED IN THE SEVERAL UNITS OF SPACE (POST OFFICE DEPARTMENT EXHIBIT NO. 52), OF THE TON-MILE RATES OF EXPRESS PAY TO THE RAILROADS FOR CARRYING EXPRESS MATTER (POST OFFICE DEPARTMENT EXHIBIT NO. 37); COMBINATIONS OF VARIOUS RESULTS ON BASIS OF CARLOAD AND LESS-THAN-CARLOAD RATES FOR FIRST AND SECOND CLASSES AND AVERAGE FOR ALL CLASSES OF EXPRESS; AND THESE RESULTS EQUATED ON THE BASIS OF THE DENSITY OF THE LOAD (POST OFFICE DEPARTMENT EXHIBIT NO. 49) AND THE COST PER CAR-MILE, MAIL AND EXPRESS (POST OFFICE DEPARTMENT EXHIBIT NO. 66).

This exhibit presents the estimated compensation that would be received for the transportation of the mails at the rates paid to the railroads by the express companies for carrying express matter of the several classifications as shown by Post Office Department Exhibit No. 37.

POST OFFICE DEPARTMENT EXHIBIT NO. 70.—GRAPHIC CHART SHOWING THE DIFFERENCES RESULTING FROM THE DEPARTMENT'S METHODS OF ASCERTAINING THE CAR-FOOT MILES OF THE SEVERAL CLASSES OF SERVICE AND OF THE DISTRIBUTION OF OPERATING REVENUES, EXPENSES, AND NET INCOME UNDER PLANS NOS. 1 AND 2.

This exhibit, prepared from the results shown in the recapitulation of R. M. P. Form No. 71 in Post Office Department Exhibit No. 66 shows graphically the differences resulting from the treatment of the statistical data under the two plans of the Post Office Department, Nos. 1 and 2.

POST OFFICE DEPARTMENT EXHIBIT NO. 71.—COPY OF CIRCULAR LETTER FROM THE SECOND ASSISTANT POSTMASTER GENERAL, DATED NOVEMBER 2, 1916, AND DISTRIBUTED TO THE SEVERAL CARRIERS AT THAT TIME, REFERRING TO CERTAIN STATEMENTS IN CIRCULAR LETTER OF THE COMMITTEE ON RAILWAY MAIL PAY OF THE RAILROADS, DATED OCTOBER 17, 1916, AND STATING THE DEPARTMENT'S POSITION ON THE SUBJECTS TREATED IN THE CIRCULAR LETTER OF THE RAILWAY MAIL PAY COMMITTEE AND THE REQUIREMENTS OF THE LAW RELATIVE THERE-TO.

POST OFFICE DEPARTMENT EXHIBIT NO. 72.—COPY OF CIRCULAR LETTER OF THE SECOND ASSISTANT POSTMASTER GENERAL, REPRODUCING CERTAIN INSTRUCTIONS ISSUED BY HIM UNDER DATES OF NOVEMBER 2, 1914, NOVEMBER 7, 1916, AND NOVEMBER 22, 1916, RELATIVE TO THE SHIPMENT OF MERCHANDISE TO BE HAULED ON A STAR ROUTE.

POST OFFICE DEPARTMENT EXHIBIT NO. 73.—STATEMENT SHOWING NUMBER OF CARLOAD SHIPMENTS DURING THE FISCAL YEAR 1918, OF STAMPED ENVELOPES AND NEWSPAPER WRAPPERS FROM DAYTON, OHIO, TO THE POINTS NAMED.

This exhibit shows the number of carload shipments during the fiscal year 1918 of stamped envelopes and newspaper wrappers from Dayton, Ohio, to certain points in southern classification territory referred to in D. M. Goodwin's Carriers' Exhibit No. 24.

POST OFFICE DEPARTMENT EXHIBIT NO. 74.—STATEMENT COMPARING THE REVENUES SHOWN IN RECAPITULATION OF R. M. P. FORMS NO. 71 (POST OFFICE DEPARTMENT EXHIBIT NO. 66) WITH INVESTMENT IN ROAD AND EQUIPMENT.

(Part 1). Statement showing for Class I carriers the passenger service train revenue, shown on Form R. M. P. No. 70, and the actual express and mail revenues, shown on Form R. M. P. No. 71, and recapitulated in Post Office Department Exhibit No. 67; and comparing the same with investment in road and equipment.

(Part 2). Statement showing a comparison, for all roads reporting, of income account with investment in property on the same basis as Part 1, using actual revenues for express and mail.

POST OFFICE DEPARTMENT EXHIBIT NO. 75.—COMPARISON OF PASSENGER, EXPRESS, AND MAIL SERVICE CAR-MILES, REVENUES, EXPENSES, AND TAXES, AND OTHER EXPENDITURES, AND NET INCOME, WITH RETURN ON INVESTMENT, COMPILED FROM POST OFFICE DEPARTMENT EXHIBIT NO. 66, REPRESENTING THE MONTH OF APRIL, 1917.

The results, as shown by this exhibit which are referred to in the description of Post Office Department Exhibit No. 66, are as follows:

	Passenger.	Per cent to total passenger.	Express.	Per cent to total passenger.	Mail.	Per cent to total passenger.
Car-miles for 30-day period.....	195,846,376	77.00	38,953,189	15.32	19,543,716	7.68
Passenger-train revenues	\$56,713,172.44	81.88	\$8,173,399.16	11.80	\$4,379,420.43	6.32
Operating expenses:						
Allocated.....	5,073,339.69	97.03	23,019.77	.44	132,373.64	2.53
Apportioned.....	37,670,367.24	78.99	6,625,839.46	13.89	3,397,298.26	7.12
Total.....	42,743,706.93	80.77	6,648,859.23	12.56	3,529,671.90	6.67
Taxes and other expenses out of operating revenues.....	3,063,653.24	81.09	462,086.68	12.23	252,481.72	6.68
Net income.....	10,905,812.27	86.79	1,062,453.25	8.46	597,266.81	4.75
Investment in road and equipment property.....	3,021,670,577.36	81.68	433,409,362.37	11.72	244,186,656.68	6.60
Per cent of net income to investment.....	0.361.....		0.245.....		0.245.....	
Per cent at yearly rate.....	4.332.....		2.940.....		2.940.....	
Car-mile revenues, etc.: Passenger-train revenues.....	<i>Cents.</i> 28.96.....		<i>Cents.</i> 20.98.....		<i>Cents.</i> 22.41.....	
Total operating expenses.....	21.83.....		17.07.....		18.06.....	
Taxes and other expenses.....	1.56.....		1.19.....		1.29.....	
Net income.....	5.57.....		2.72.....		3.06.....	

POST OFFICE DEPARTMENT EXHIBIT NO. 76.—POST OFFICE DEPARTMENT'S PLAN FOR RAILWAY MAIL PAY.

This exhibit embraces the suggestions of the Post Office Department for the consideration of the commission as to changes or amendments in the space basis system of pay which it considers advisable. These suggestions are as follows:

THE POST OFFICE DEPARTMENT'S PLAN FOR RAILWAY MAIL PAY.

The space basis for the payment of compensation for the transportation of the mails by railroads as provided in the act of July 28, 1916, shall be continued, subject to the following modifications, exceptions, and limitations:

Regular authorizations.

1. All regular authorizations for full railway post-office cars, apartment railway post-office cars, and full storage mail cars may be changed or discontinued at divisional points in accordance with the needs of the service; and

for this purpose a divisional point is defined as one where the railroad company performs switching service in connection with passenger-train service, but a change in an apartment car authorization may be made only at such point when the operating conditions of the train in question will permit it; under such provisions and regulations as the Interstate Commerce Commission may prescribe.

Emergency authorizations.

2. All units of space needed to supplement regular authorizations of space shall be units of 3, 7, 15, or 30 feet, without duplication or grouping, and such units shall be discontinued, increased, or decreased at any point where a fluctuation in the volume of mail carried requires a change from one unit to another.

3. Whenever a regularly authorized unit of storage or closed pouch space, combined with an emergency unit, necessitates the use of more than 30 feet of linear space in a baggage or storage car used exclusively for the mails, a 60-foot car will be requested of the railroad company and paid for on the basis of the round trip, provided it is not used by the carrier in the opposite direction.

4. Whenever a regular authorization is exceeded 60 per cent or more of the trips during a period of 30 consecutive days, the next higher unit shall be authorized. This rule will not be applied in the month of December.

Undersize cars.

5. Where a railway post-office car or an apartment car is deficient in length but otherwise standard, it will be paid for pro rata. In computing the pay for such cars the major portion of a foot will be regarded as a full foot. One-half of a foot or less will be disregarded.

Deficiency in storage space.

6. Where a railway post-office car or apartment car is of standard length but deficient in storage space, it will be paid for pro rata in the same manner as cars deficient in length.

Oversize cars.

7. Whenever an oversize car is furnished, storage units may be authorized therein on the basis of actual measurement.

Side, terminal, and transfer service.

8. Where the railroad companies are required by the Post Office Department to perform side, terminal, or transfer service they shall be compensated separately from the line rate for such service (other than that performed in or directly contiguous to railway terminals and depots, unless otherwise provided for), in the amount paid therefor to contractors and for the value of the actual time of their employees while engaged in the carriage of the mails, including reasonable cost of vehicular service that may be necessary.

9. Where railroad companies contract for such service such contracts shall be let to the lowest responsible bidder upon advertisement.

10. Readjustment for such service shall be made annually and the companies shall furnish to the Postmaster General statements in detail showing the cost of the service rendered on such forms and in such manner as the Interstate Commerce Commission may prescribe.

Merger of rates.

11. The initial and terminal allowances shall be merged with the line rate.

POST OFFICE DEPARTMENT EXHIBIT NO. 77.—SAMPLE WEIGHT CARD.

This exhibit shows a sample weight card as used by the Post Office Department during the regular quadrennial weighings of the mails.

POST OFFICE DEPARTMENT EXHIBIT NO. 78.—SAMPLE WEIGHT CIRCULAR.

This exhibit is a copy of a railroad weight circular used by the Post Office Department for reporting the consolidations of weights carried on railroad mail routes under the weight-basis system of payment.

POST OFFICE DEPARTMENT EXHIBIT NO. 79.—LETTER OF THE POSTMASTER GENERAL TO HON. JAMES T. LLOYD, DATED MARCH 28, 1914.

Letter of the Postmaster General to Hon. James T. Lloyd, dated March 28, 1914, with reference to the bill

introduced by Mr. Lloyd providing for annual weighings of the mails and his suggestion that the mail be weighed by railroad employees.

In this letter the Postmaster General states that the proposal that the mails shall be weighed by railroad employees is not considered advisable by department officials.

POST OFFICE DEPARTMENT EXHIBIT NO. 80.—LETTER OF THE POSTMASTER GENERAL TO HON. JAMES T. LLOYD, DATED MAY 8, 1914, IN FURTHER REFERENCE TO THE BILL INTRODUCED BY MR. LLOYD.

This exhibit is a copy of a letter from the Postmaster General to the Hon. James T. Lloyd, dated May 8, 1914, in further reference to the bill introduced by Mr. Lloyd, providing for annual weighings of the mails on railroad routes and his suggestion that the mails be weighed by railroad employees.

In this letter the Postmaster General gives further reasons why the mails should not be weighed by the railroad employees.

POST OFFICE DEPARTMENT EXHIBIT NO. 81.—STATEMENT SHOWING THE ESTIMATED AND APPORTIONED EXPENSE (INCLUDING THE DIRECTLY ALLOCATED EXPENSE) FOR THE MAILS, AND NET INCOME AT THE SAME RATE PER CAR-MILE AS THE RAILROADS DERIVE FROM THE CARRIAGE OF THE EXPRESS BASED UPON LIKE ESTIMATES AND APPORTIONMENTS. ON THIS BASIS A UNIFORM RATE IS DEDUCED WHICH IS APPLIED TO THE AUTHORIZATIONS AS OF MARCH 27, 1917, AND THE RESULTS ARE SHOWN IN PART II.

This exhibit is herewith fully reproduced:

PART I.

For roads in Exhibit 66.

Mail operating expenses (col. 9, Recap. Form 71) (Exhibit 66)	\$3, 529, 671. 90
Other expenses out of revenue (col. 12, Recap. Form 71) (Exhibit 66).....	252, 481. 72
Total estimated expense for April, 1917.....	<u>3, 782, 153. 62</u>
Total estimated expense for one year.....	<u>45, 385, 843. 44</u>

Net income for mail on basis of express, 2.72 cents per car-mile, 19,543,716 car-miles multiplied by 2.72 cents multiplied by 12 (Exhibit 66) equals.....	\$6, 379, 068. 84
Mail revenue on basis of estimated express net income.....	51, 764, 912. 28
Less estimated cost of side and terminal service for these roads (Record, p. 737).....	1, 349, 479. 42
Total for roads represented in Exhibit 66.....	50, 415, 432. 86
Equated 60-foot car-miles per annum, 1,168,247,390 car-foot miles multiplied by 12 divided by 60 equals 60-foot car-miles.....	233, 649, 478
Rate per 60-foot car-mile.....cents..	21. 57

For all service.

Total for roads represented in Exhibit 66.....	\$50, 415, 432. 86
Total for remainder of roads (252,195,357 car-miles (Exhibit 51) minus 233,649,478 car-miles) equals 18,545,879 car-miles, at 21.57 cents, equals.....	4, 000, 346. 10
Estimated total pay.....	54, 415, 778. 96

PART II.

Units of service.	Miles of service per annum.	Rate per mile of service.	Annual rate pay.
60-foot full railway post-office cars.....	74, 615, 687. 77	<i>Cents.</i> 21. 5	\$16, 042, 372. 87
60-foot full railway post-office cars, Land Grant.....	11, 529, 805. 64	17. 2	1, 983, 126. 57
Total.....	86, 145, 493. 41	-----	18, 025, 499. 44
30-foot apartment railway post-office cars... 30-foot apartment railway post-office cars, Land Grant.....	131, 004, 522. 86 14, 148, 468. 72	10. 75 8. 6	14, 082, 986. 20 1, 216, 768. 30
Total.....	145, 152, 991. 58	-----	15, 299, 754. 50
15-foot apartment railway post-office cars... 15-foot apartment railway post-office cars, Land Grant.....	93, 153, 677. 73 3, 811, 908. 21	5. 375 4. 3	5, 007, 010. 17 163, 912. 05
Total.....	96, 965, 585. 94	-----	5, 170, 922. 22
60-foot storage cars..... 60-foot storage cars, Land Grant.....	45, 612, 290. 45 4, 519, 867. 60	21. 5 17. 2	9, 806, 642. 44 777, 417. 22
Total.....	50, 132, 158. 05	-----	10, 584, 059. 66
30-foot storage space..... 30-foot storage space, Land Grant.....	8, 632, 541. 93 2, 121, 203. 66	10. 75 8. 6	927, 998. 25 182, 423. 51
Total.....	10, 753, 745. 59	-----	1, 110, 421. 76
15-foot storage space..... 15-foot storage space, Land Grant.....	13, 821, 628. 95 1, 812, 092. 83	5. 375 4. 3	742, 912. 55 77, 919. 99
Total.....	15, 633, 721. 78	-----	820, 832. 54

PART II—Continued.

Units of service.	Miles of service per annum.	Rate per mile of service.	Annual rate pay.
7-foot storage space	12,855,511.47	<i>Cents.</i> 2.508	\$322,416.22
7-foot storage space, Land Grant.....	1,249,685.94	2.006	25,068.69
Total.....	14,105,197.41	.....	347,484.91
3-foot storage space.....	9,251,948.44	1.075	99,458.44
3-foot storage space, Land Grant.....	889,196.82	.86	7,647.09
Total.....	10,141,145.26	.....	107,105.53
7-foot closed pouch.....	16,956,249.43	2.508	425,262.73
7-foot closed pouch, Land Grant.....	1,879,292.04	2.006	37,698.59
Total.....	18,835,541.47	.....	462,961.32
3-foot closed pouch.....	102,021,648.32	1.075	1,096,732.71
3-foot closed pouch, Land Grant.....	7,264,687.18	.86	62,476.30
Total.....	109,286,335.50	.....	1,159,209.01
Grand total.....	557,151,915.99	.....	53,088,250.89

POST OFFICE DEPARTMENT EXHIBIT NO. 82.—STATEMENT SHOWING FOR MAIL ROUTES STATED UPON THE SPACE BASIS, THE ESTIMATED RAILROAD MAIL PAY PER ANNUM AS OF MARCH 27, 1917, BASED UPON THE AUTHORIZED MILES OF SERVICE (POST OFFICE DEPARTMENT EXHIBIT NO. 5) AND THE RATES PROPOSED TO BE PAID AS STATED IN RAILROAD COMPANIES' EXHIBIT NO. 57, EXCLUSIVE OF NEW ENGLAND DIFFERENTIAL.

This exhibit shows for each class of service authorized under the space system of pay, the annual miles of service authorized equated to 60-foot car miles, average rates per mile for weight and space (nonland-grant and land-grant), and the estimated pay per annum for distribution space and weights of mail based on the average haul, including the deductions for land-grant, and the rates per prorated 60-foot car mile, based upon the rates proposed by the railroads to be paid under their plan (Railroad Exhibit No. 57), exclusive of New England differential.

The estimated total compensation at those rates, as shown by this exhibit, equals \$86,926,537.97.

POST OFFICE DEPARTMENT EXHIBIT NO. 83.—WESTERN PACIFIC RAILROAD CO.—GRAPHIC CHART SHOWING THE CHARACTER OF THE UNAUTHORIZED SPACE CLAIMS MADE IN CONNECTION WITH THE OPERATION OF APARTMENT RAILWAY POST-OFFICE CARS.

This exhibit presents in a graphic manner an example of the character of space reported by the railroad companies in connection with the operation of apartment railway post-office cars between Salt Lake City, Utah, and San Francisco, Calif., classified on Exhibit No. 48 under the symbol A.

For explanation of the character and effect of this claim, see McBride's testimony, pp. 285, 286.

POST OFFICE DEPARTMENT EXHIBIT NO. 84.—GREAT NORTHERN RAILWAY CO.—TWO GRAPHIC CHARTS SHOWING CLAIMS FOR EXCESS, UNAUTHORIZED AND UNUSED SPACE CLAIMED IN CONNECTION WITH THE OPERATION OF AUTHORIZED MAIL SPACE.

This exhibit presents in graphic form and in detail the claims made by the Great Northern Railway Co. for unauthorized, excess and unused space in connection with authorized apartment railway post-office cars, storage space, and closed-pouch space on route No. 163510, between Great Falls and Billings, Mont.

For explanation of the character and effect of this claim, see McBride's testimony, pp. 307-310.

POST OFFICE DEPARTMENT EXHIBIT NO. 85.—GREAT NORTHERN RAILWAY CO.—GRAPHIC CHART SHOWING CLAIMS BY THE COMPANY FOR MOVEMENT OF UNAUTHORIZED AND EXCESS SPACE IN CONNECTION WITH AUTHORIZED OPERATION OF MAIL SERVICE.

This exhibit presents in detail the character of the claims of the Great Northern Railway Co. for unauthorized and excess space claimed to have been operated in connection with authorized units of apartment railway post-office car service, storage space, and closed-pouch space on route No. 161525 between Devils Lake and Boundary Line, N. Dak. For explanation of the character and effect of this claim, see McBride's testimony, pp. 310, 311.

POST OFFICE DEPARTMENT EXHIBIT NO. 86.—PENNSYLVANIA CO.—GRAPHIC CHART SHOWING CLAIMS FOR UNAUTHORIZED MOVEMENT OF SPACE IN CONNECTION WITH THE AUTHORIZED OPERATION OF CLOSED-POUCH UNITS.

This exhibit presents in detail the claims made by the Pennsylvania Co. for the operation of unauthorized space claimed to have been operated in connection with an authorization of closed-pouch service over a part of the run on route 131551, between Pittsburgh, Pa., and Chicago, Ill. For explanation of the character and effect of this claim, see McBride's testimony, pp. 329, 330.

POST OFFICE DEPARTMENT EXHIBIT NO. 87.—PENNSYLVANIA CO.—GRAPHIC CHART SHOWING THE CLAIMS FOR UNAUTHORIZED SPACE MADE BY THE PENNSYLVANIA CO. IN CONNECTION WITH THE OPERATION OF CLOSED-POUCH UNITS.

This exhibit presents in detail the manner of reporting the unauthorized space claimed to have been necessarily operated in connection with authorizations for closed-pouch space on route 131551, between Pittsburgh, Pa., and Chicago, Ill. For explanation of the character and effect of this claim, see McBride's testimony, p. 331.

POST OFFICE DEPARTMENT EXHIBIT NO. 88.—NORTHERN PACIFIC RAILWAY CO.—GRAPHIC CHART SHOWING CLAIMS MADE BY NORTHERN PACIFIC RAILWAY CO. FOR OPERATION OF UNAUTHORIZED AND UNUSED SPACE IN CONNECTION WITH AUTHORIZED MAIL OPERATION.

This exhibit presents in detail the car-foot mile claims made by the Northern Pacific Railway Co. as having been necessarily operated in connection with the operation of authorized mail units of apartment car and closed-pouch services, with particular reference to the feasibility of reducing consist of train. For explanation of this claim, see McBride's testimony, typewritten record, p. 3897.

POST OFFICE DEPARTMENT EXHIBIT NO. 89.—MEMORANDUM RELATIVE TO CONVERTIBLE CARS.

This exhibit is a memorandum prepared by the department outlining the policy of the department with reference to the remodeling or reconstruction of postal cars under the plans for convertible cars. (See Post Office Department Exhibit No. 2.)

ABSTRACT OF EVIDENCE—ORAL TESTIMONY.

ADMINISTRATION.

GENERAL.

SPACE-BASIS ADMINISTRATION SATISFACTORY FROM AN OPERATING STANDPOINT.

Mr. KNOX, superintendent, Railway Mail Service, Seattle, Wash., on cross-examination testified as follows:

Answer. From an operating standpoint I am thoroughly satisfied with the present method of administration. (R. 3099.)

SPACE BASIS ADMINISTERED FAIRLY AND IN KEEPING WITH THE SPIRIT OF THE PLAN AND UNIFORMLY OVER THE COUNTRY.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD. You are familiar with the manner in which the space basis has been administered by the Post Office Department?

Answer. I think so; yes, sir.

Question. And you think it has been administered fairly and in keeping with the spirit of a space-basis plan, do you not?

Answer. Yes; I think so, taking into consideration the fact that it is a new service.

* * * * *

Question. Whether it is a new service or an old service, you think the manner in which it has been administered is in keeping with proper practice under the space-basis plan, and with the theory on which the space basis is established?

Answer. Yes, sir; I think so.

Question. You think so; and it has been administered pretty uniformly all over the country, has it not?

Answer. Yes; I would say it has been administered uniformly all over the country. (R. 3066, 3067.)

RELATIONS BETWEEN THE RAILROAD COMPANIES AND OFFICERS OF THE POSTAL SERVICE GENERALLY COOPERATIVE.

Mr. GAINES, superintendent, Railway Mail Service, Fort Worth, Tex., testified on direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Searle made the statement in connection with some questions that were under discussion, and I do not now remember how extensive they were, that there was absolutely no cooperation from the officers of the department in those regards. Will you please state, in general, what are the relations between the railroad companies and the officers of the service, so far as you know them?

Answer. If Mr. Searle had in mind the question of whether or not the railroad company would consent to reductions in baggage-car units or anything of that kind, where we found space was being paid for that was not necessary, of course it is true. But we do not consult the railroad companies on those kinds of points. Questions of necessity for placing cars in service of a larger size, either mail apartment, or railway post-office cars, are taken up with the railroad companies, unless the larger size car is actually in use in the service on the line to the capacity which it is intended to recommend the authorization. Mr. Searle himself cited an example of consultation as to the movement of the railway post-office car between Fort Worth and Dallas, which the company desired to leave in the train, and which we would have preferred to have cut out at Fort Worth for advance distribution; but, as is our practice, I believe, without exception, we are glad to give and take on these propositions, and we could manage our service so as to handle it all right with the cars operated as the railroad company desires.

I do not want to burden the record with the numerous cases that might be mentioned, but in all these cases of car runs, through car runs, the wishes of the railroad companies are considered. (R. 3282, 3283.)

GENERAL ADMINISTRATIVE POLICY DETERMINED IN THE POST OFFICE DEPARTMENT.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). And the manner of its administration has been a matter that has been dictated and determined here in Washington in the Post Office Department, has it not?

Answer. With the assistance of the 15 division superintendents in conference from time to time, who have been consulted in relation to these matters.

Question. Yes; but I mean that, so far as any general policy is concerned, any general administrative policy, that has been determined here?

Answer. That has been determined in Washington; yes, sir. (R. 3067.)

**ADMINISTRATIVE CHANGES BY DIFFERENT OFFICIALS
WILL NOT BE SO MARKED AS TO INJURE RAILROADS.**

Mr. KNOX on cross-examination testified as follows:

Answer. * * * I don't think the changes by succeeding administrations will be so marked that there will be any particular injury to any railroad company or companies. (R. 3102.)

**SOME MODIFICATIONS IN ADMINISTRATION OF SPACE
BASIS WOULD REMOVE OBJECTIONS.**

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). You think that the space basis, I take it, has been administered in the most practical way in which it can be?

Answer. Well, I think there might be some modifications of it that would remove a great many of the objections that you have raised, where they seem to have merit. (R. 3322, 3323.)

**SOME CHANGES IN ADMINISTRATION COULD BE MADE
WITH BENEFIT TO THE POST OFFICE DEPARTMENT
AND THE RAILROADS.**

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). Well, if the space basis is to continue in operation, do you see any way in which it can be administered any differently from what it has been?

Answer. Oh, yes; I see a great many ways.

* * * * *

Question. Well, can you see any way in which, in fairness and in justice to the Post Office Department, it ought to be administered any differently from the manner in which it has been administered?

Answer. Some changes could be made with benefit to the Post Office Department and to the railroads; yes, sir; I think so. (R. 3067, 3068.)

**COMPANIES MIGHT BE RELIEVED UNDER CERTAIN
CONDITIONS OF DIFFICULT SITUATIONS ARISING
FROM AUTHORIZATIONS CHANGING EN ROUTE.**

Mr. KNOX testified on cross-examination as follows:

* * * That might relieve the companies of some conditions complained of in regard to the operation of the cars.

Question (by Mr. Wood). Well, what and how?

Answer. Curtailing them, changing authorizations from a higher to a lesser unit at points where the railroad company is in a very difficult situation. That might be done, in my opinion. That is a personal opinion of mine, however. It does not go any further.

Question. You think, in fairness, it ought to be done, do you not?

Answer. Under certain conditions.

Question. And what are those conditions?

Answer. Where the railroad company is physically unable to make the change in the consist of the train.

* * * * *

Question. How would you determine whether it was impossible? You say absolutely impossible for the railroad to make the shift. Now, we might have quite a debate about that.

Answer. Well, if that condition were placed in the law, the investigation ought to be made by the division superintendent and representative of the railroad as to the actual conditions at the point.

Question. And then, after the investigation has been made, who ought to decide it?

Answer. The Post Office Department, of course. * * *
(R. 3070-3072.)

**METHOD OF HANDLING EMERGENCY SPACE AUTHORI-
ZATIONS COULD BE SIMPLIFIED.**

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. Wood). * * * You say you think that some changes could be made which would be beneficial to the Post Office Department. What do you think those changes are?

Answer. Simplifying the method of the handling of emergency space, for instance. (R. 3068.)

COMPARATIVE ADMINISTRATIVE COST OF WEIGHT AND SPACE SYSTEMS.

COMPARATIVE COST OF ADMINISTRATION UNDER WEIGHT AND SPACE BASES.

Mr. STONE, assistant general superintendent of Railway Mail Service, testified on direct examination, in reply to Attorney Examiner Brown's question, as follows:

Answer. If you limit it to the headquarters of the Railway Mail Service, there is very little difference in the work, but that is a limited part of the whole. The greater part of the work, whether by weight or space, would be in the field, and after they reach the department it would not be in my immediate office or division, but comes under what is known as the Division of Railway Adjustment, where all the computations are made, whether as to weight or space.

Question. Does it require any more clerical help, month by month or year by year, to have the space basis than the weight basis?

Answer. I would not undertake to speak for the Division of Railway Adjustment, because there is a superintendent in charge who would have better information on that than I have. The work that is done, as I said, in the office of the general superintendent, with which I am connected, is a very small part of the whole, and I would say that there would be very little difference. (R. 359.)

Mr. STONE on direct examination also testified as follows:

Question (by Attorney Examiner BROWN). I would like to ask you one other question. In comparing the amount of work occasioned by the space basis and weight basis, you had in mind a quadrennial weighing as against a continuous measurement of the space?

Answer. A quadrennial weighing, as was the practice under the weight system.

Question. As compared to a continuous measurement of the space every day?

Answer. From time to time, as it is needed.

Question. Theoretically it would be possible to have a continuous weighing, to weigh every shipment?

Answer. It might be theoretical. I think it would be impracticable.

Question (by Dr. LORENZ). On the other hand, it would be possible to have an occasional measurement of space—once a year, say?

Answer. That would be possible.

Question. In comparing the cost of the two, do you not think that the same basis of comparison should be used, either quadrennial, annual, semi-annual, or monthly in both cases?

Answer. That might be, but I was comparing the actual conditions as operated under the weight and the space systems, respectively. (R. 361, 362.)

Mr. STONE on cross-examination also testified as follows:

Question (by Attorney Examiner BROWN). Does not that require a larger clerical force to take care of the space basis than it did for the weight basis?

Answer. Under the weight system, when one of those weighings was in process—and there was a weighing in process in some section of the country every year for 105 days—during that time we would have to have a small army of weighers to go out on every car and weigh the mail on and off at every station, and we would have additional men in big stations to weigh the mail on actual scales, trucks after trucks. That involved an immense amount of work, and that continued for over three months. It was 105 days. While that occurred in one section of the country only once in four years, it would be occurring somewhere for three months every year, and that required a great deal of work. Now, this other work, these readjustments of space from time to time, are, to quite an extent, taken care of by our regular employees, which we would have at the railway stations—transfer clerks, whose business it would be to supervise the loading and discharging of these mails. They could tell, as a part of their duties, without employing some one additionally for that specific work. And so it would be on the trains. We have our clerks distributing mail anyway, and they keep themselves informed, the clerk in charge, as to the needs.

Question. So it is your judgment that as between the weight basis and the space basis there would be no greater expense under the space basis than under the weight basis?

Answer. That is my judgment, so far as the Railway Mail Service is concerned. (R. 380, 381.)

Mr. STONE on cross-examination also testified as follows:

Question (by Mr. WOOD). You say that method of operation involves no more work and administrative detail than the old system under the weight basis, under which, if there was an increased volume of mail, it was given to the railroad company by the men in the field, and they were compelled to handle it?

Answer. I am of that opinion, but, you understand, I am not talking of one specific case. I am taking the service year in and year out, because my opinion is made in view of the fact that these quadrennial weighings involved such an immense amount of work, not only on the trains, but there has to be a temporary force organized in each of the division superintendent's offices at headquarters, and they have to receive these weight cards made out, train by train, day by day, and make the tabulations and computations, so as to find out the average, by consolidating all of these trains on all of these dates and reducing them to an average. Then those weight cards would come to the department, where there are further computations to be made. I am speaking of the force at division headquarters. Formerly it was very much larger than it has been in recent years, because in some way the work has been transferred to the department here; but, in any event, there was a large clerical force employed there at headquarters or at the department, or both, to handle the work connected with the weight system. (R. 389, 390.)

Mr. STONE on cross-examination also testified as follows:

Question. You think all this talk about the weights is responsive to that question?

Answer. Yes; the increase in the amount of mail does not apply to one particular train. It applies to the service as a whole for a period of time—four years. (R. 390.)

Mr. STONE on re-cross-examination also testified as follows:

Question (by Mr. WOOD). Mr. Stone, I wanted to ask you if you knew to what extent the transfer clerks and clerical forces in the transfer clerks' offices have been increased under the space basis in order to take care of the charges in the authorizations and to give the necessary supervision?

Answer. I think very little. There have been additional clerks allowed at various stations, but not solely on account of the space system, but because additional supervision of the dispatch of the mail has been needed. (R. 396.)

Mr. CORRIDON, Superintendent Division of Railway Adjustments, Post Office Department, testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Well, what has been your experience in reference to the increase in the clerical forces necessary to take care of the space basis as compared with the weight basis?

Answer. There is no increase in force necessary, when you consider the force necessary for the annual weighings.

Question. Well, you have had some increase, then?

Answer. Yes.

Question. But your opinion is that that increase does not entail an expense upon the department over and above what the annual weighings did?

Answer. No; that was demonstrated through the statistical weighing period in the spring of 1917, when we had at that time a large force to compile these statistics—perhaps over 118 or 120 clerks. We have now approximately 75 clerks adjusting the affidavits on the space basis and authorizing the service, about 20 authorizing the service, and I should say between perhaps 55 or 60 adjusting monthly affidavits, or the quarterly affidavits.

* * * * *

Question. To the layman the proposition would appear to be that when you make your weighings once in every four years, section by section in the country, the railway mail pay is fixed for that section, while your space basis is fluid and constantly changing in accordance with the increase in space and the decrease in space needed, and that it would require a larger clerical force to take care of the space basis than it would the weight basis. Now, you say—and I want to get you right—that in your experience and in your judgment the operation of the space basis, so far as the expense to the public, through the Post Office Department, is concerned, there would be no substantial difference?

Answer. By limiting that to the operation of the Division of Railway Adjustments?

Question. Yes.

Answer. Yes, sir. (R. 401–403.)

and also on re-direct examination as follows:

Question (by Mr. STEWART). Mr. Corridon, I want to call your attention to Post Office Exhibit No. 19, statement regarding the cost of the quadrennial weighings, etc. You will find stated thereon the total cost for the four years. I will ask you to state what it would be for one year.

Answer. \$272,154.89.

Question. Now, assuming that you have 75 men engaged upon the space work, and you were paying them on the average of \$1,500 per year, what would that amount to?

Answer. You say I have 75 clerks. That would amount to \$112,500. (As corrected by witness. R. 427.)

Question. Are those two items of expenditure approximately comparable, so far as the expense is concerned, in

your division, the expense growing out of the space-basis work and the weight-basis work?

Answer. I would say that the work growing out of the space basis in the Division of Railway Adjustments is less expensive than the work growing out of the railway adjustment, plus the cost of the weighing annually. (R. 426, 427.)

AUTHORIZATION OF SERVICE AND ADAPTATION OF OPERATION THERETO.

GENERAL.

SPACE AUTHORIZATIONS MUST BE CONTROLLED BY POST OFFICE DEPARTMENT.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, my question is this: The authorizations under the space basis must necessarily be under the control of the Post Office Department, must they not?

Answer. Well, that or any other plan would have to have administration. Administration has to be vested somewhere.

Question. Yes; administration would always be vested in the Post Office Department, so far as the carriage of the mails is concerned, as I see it, and must be there; but administration for the purpose of pay, when the pay is on the space basis, and the administration of the space and the authorizations of the space must necessarily be left with the Post Office Department and be in its hands, must it not?

Answer. Yes; but just so long as we ask for what we need and pay for what we get, and the commission fixes the rate for the service it performs, I do not see where that has anything to do with the proposition. * * *

Question. The fact is that you and I do not disagree on this proposition at all, that if you are going to have the space system of pay the space authorizations must be within the control of the department.

Answer. Well, I can see where such rules might be laid down by the Interstate Commerce Commission which would probably remove some of the objections that you have.

Question. Well, that may be, but whatever the rules are, the space authorizations must be under the control of the Post Office Department.

Answer. Yes. * * * The rules must be under the control of the Post Office Department, like the weight-basis rules or anything else. (R. 3294, 3295.)

REGULAR AUTHORIZATIONS.

Mr. STONE testified on cross-examination as follows:

Question (by Mr. Wood). Now, take the regular authorizations. Who authorizes the amount of regular space?

Answer. They are authorized here in the Division of Railway Adjustments, upon reports received from the field men of the Railway Mail Service, the superintendent and chief clerk, as to how much space they regularly need on a certain train.

Question. Well, they do not go through your department?

Answer. They pass through our department, yes; but they are not finally acted on there.

* * * * *

Question. Just what is the basis? Let us trace one of these things from its inception to its conclusion, please.

Answer. Well, if a new train were put on—to begin at the beginning—the division superintendent would get his information, possibly, by personal inspection; perhaps by inspection of his chief clerk, as to how much mail would ordinarily be required on that train, and then he would reach a conclusion as to whether he thought it should be closed-pouch service or apartment or distribution service. In either event, he would make a formal report to the department, stating what he wanted, and giving his reasons why he thought the mail should be established on such a train. That would be passed through the Division of Railway Mail to the Division of Railway Adjustment, and if approved an order would be prepared there, signed by the Second Assistant Postmaster General, and sent to the railway company. Then the superintendent of the railroad company would be notified that certain space would be needed on a certain train.

* * * * *

Question. * * *. Now, under the space basis, if you require additional space as a regular authorization, in order to adjust the space to the change in the volume of the mail offered for carriage in that particular locality, what is the method by which these space authorizations are made responsive to the increase in the volume from an administrative standpoint of the department?

Answer. If there is a given authorization on a train, and the superintendent notices, or the chief clerk notices, that the emergency space is frequently being used on those trains to such an extent as to warrant an increase in the regular authorization, he will then make a report to the department to that effect, and an order will be issued increasing the regular authorization.

Question. Just as a matter of course, the order would be issued?

Answer. If supported by evidence as to its need, yes.

Question. That is what I am getting at. Let us trace that through to its conclusion. To reach the conclusion that there ought to be an increase in the regular authorizations, who is the first man whose attention is directed to that? Is it the superintendent of the division, or is it the transfer clerk, or is it some field agent somewhere of some sort?

Answer. It would more often grow out of the frequency of the use of the emergency space. Either a clerk on a train or a transfer clerk might be calling for additional emergency space frequently. Those reports go to the chief clerk and to the division superintendent. He sees those increases, and he is satisfied that they are so frequent and likely to continue to be so frequent that it should be made a regular authorization. It is sufficient for him just to make his report to the department that an emergency space of so many feet had been used with such and such frequency, and he recommends that it be made permanent. That would be the procedure.

Question. Now, where does that recommendation first go?

Answer. It comes to the department, and it first reaches the General Superintendent of Railway Mail Service, and then it is passed along to the Division of Railway Adjustment, where the order is made, if approved.

Question. Do you pass it along as received or do you make some investigation of it?

Answer. We exercise our judgment on the facts presented. In the case which I just submitted it would speak for itself. If emergency space had been needed practically all the time, why, it should be made permanent.

Question. Are the only occasions on which there are recommendations for increases in the regular authorizations cases where there must be a very considerable amount of emergency space?

Answer. Those would cover most of them. I have just spoken of a case where a new service is put on, and if there was an increase in the emergency space, or some diversion of the mail, we would require additional storage cars.

Question. Do you ever have any correspondence with the people in the field about that, before you turn it over to the next department?

Answer. Very seldom, because the division superintendent generally makes his report complete. He knows what is wanted, and when the papers reach the office of the Gen-

eral Superintendent of the Railway Mail Service they are in such shape that we can pass them along.

Question. You either approve or disapprove, and pass it on?

Answer. Yes.

Question. And then what happens to it?

Answer. It goes to the Division of Railway Adjustment, and if satisfactory to them they prepare an order for the signature of the Second Assistant Postmaster General.

Question. Well, do they ever conduct any further correspondence about it, either with you or with the men in the field, or do they accept those recommendations?

Answer. They do not conduct any with the men in the field. If they wanted additional information on some point, they would probably return the papers to us and mention it, but that would be an exception.

Question. Do they ever reject any recommendations of the division superintendent?

Answer. Occasionally, I think they do.

Question. After the Division of Railway Adjustment has passed on it, then what do they do?

Answer. That is the end. As I said, an order would be prepared for signature by the Second Assistant, and copies of it would go to the railway company.

Question. They do submit it, then, to the Second Assistant?

Answer. The order is prepared for his signature. (R.384-389.)

OPERATING CONDITIONS GOVERN RECOMMENDATIONS FOR AUTHORIZATIONS.

Mr. KNOX testified on direct examination as follows:

Question (by Attorney Examiner BROWN). What is the moving impulse when you make these authorizations or recommendations to the department? What do you take into consideration?

* * * * *

Answer. The moving impulse is where the mail already carried in the train is to change the emergency authorizations to regular authorizations to get rid of all of the emergency authorizations.

Question. I mean where a carrier runs a 60-foot from A to B and a 30-foot car from B to C, and then you begin to authorize 15 feet from C to D, and 7 feet from D to E, and nothing from E to F, and the car runs through to F. Now, when the Post Office Department is considering the

allotment of space in a train or in cars in a train, do you take into consideration the operating conditions necessarily involved in the movement of that train?

Answer. Not so far as the smaller units are concerned. We have, so far as the changing from 60 to 30, and discontinuing the 30 feet and 60 feet, done so, in at least as far as my experience is concerned, but in the smaller units no thought was given to operating conditions.

Question. You make your authorizations to fit the amount of business offered?

* * * * *

Answer. The amount of business, as far as the storage units and closed-pouch space are concerned. If we need 7-foot down 100 miles, to the divisional point, we change it to 3 feet from there on, and discontinue it whenever the mail runs out.

Question (by Mr. STEWART). Mr. KNOX, are those authorizations of the smaller units generally, or, in fact, always, accommodated in the make-up of the train operated?

Answer. The regular authorizations?

Question. Yes.

Answer. Oh, yes; they have to be.

Question. So that, that far the operating conditions of the train are taken into consideration?

Answer. Oh, yes; so far as that is concerned; yes. (R. 3025-3027.)

CHANGES OF UNITS ARE MADE ONLY AT DIVISIONAL POINTS.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). * * * There are numerous cases, are there not, in which authorization will be reduced en route from 60 to 30 feet, or from 30 feet to 15 feet?

Answer. That is true, and in an investigation as to the practicability of changing the unit of space en route, we have had in mind the possibility or the practicability of operating that from a Railway Mail Service standpoint, if the change were actually made in the consist of the train, and that carries with it the fact that these changes are only made at divisional points, where it would be possible for the railroad company to make the actual change in equipment, if they saw fit to do so. (R. 184.)

Mr. GAINES testified on redirect examination as to divisional points and changes in car units, after reading paragraph 20 of the Instructions and Rulings with reference to

railroad mail service (p. 43, P. O. Dept. Exhibit No. 1), as follows:

Question (by Mr. STEWART). With reference to the proposition that at divisional points a car containing a reduced unit might be substituted in the train for one carried to that point, and with respect to the time required to do so, is it not true that such change could usually be made in the dead time of the train, where switching is done?

Answer. At some places, to my knowledge, that could be done. At other places, it could not. * * * That is correct, gentlemen. If the railroad company, at any point in the eleventh division, will specify any additional point, I think we could probably tell him whether or not the change could be made within the schedule time. Now, it is true that on a number of lines in the division—I will explain my statement there, Mr. Stewart, to the effect that at many places in the eleventh division no dead time is shown. The train is due to leave at the same time according to schedule it is due to arrive, and, manifestly, at a place of that sort it would not be possible to do that or perform any other station service. We have other places where there is an interval of 30 minutes, and as this mail unit has evidently been reduced materially, reduced en route, I think at points of that kind the change could be made without any delay to some of the trains. Now, on some of the fast trains it could not.

Question (by Mr. STEWART). Now, I understand you to mean that where sufficient and reasonable time is actually included in the schedule for ordinary purposes, without detriment to the schedule itself, that that could be done?

Answer. I think that that is very true, especially if adequate truck and porter service were furnished. (R. 219-221.)

DIVISIONAL POINTS; DEPARTMENT DOES NOT DICTATE TO RAILROADS CONCERNING THE OPERATION OF TRAINS.

Mr. CORRIGAN testified on re-direct examination as follows:

Question (by Mr. STEWART). With reference to division points, you answered one of counsel's questions to the effect that the railroad must accept the conclusion of the department. I would like to have you explain what you mean by that.

Answer. I meant by that that the department has a ruling with respect to division points that is not intended

to conflict at all with the railroad operating division point. We do not mean to indicate at what point a railroad would determine to be a division point as against the department. It is an expression we use in the department in adjusting services. We call them nominally division points, but they may not be railway division points, geographically or topographically.

Question. You do not mean to say, then, that the department dictates to the railroad company a matter concerning the operation of its trains?

Answer. We do not. (R. 429, 430.)

And on re-cross examination as follows:

Question (by Mr. WOOD). What is your definition of a division point as applied to the mail service?

Answer. It is where a railroad makes changes in its passenger-train consist or has switching facilities for making such changes.

Question. Do you apply that to cases where, as a matter of fact, the point is not a division point for the passenger-train service, and is a division point for freight-train service?

Answer. I do not believe I can recall a case where we have held that freight-train switching facilities were to be applied to breaking passenger-train consists, within the meaning of the departmental rulings.

Question. Do you think you have always confined it to passenger division points?

Answer. I think we have.

Question. Do you confine it to points where the crews of the particular passenger train change?

Answer. No.

Question. And where switching is done for that particular passenger train?

Answer. When there is a switch engine there to perform the switching service, or when the locomotive of the train performs it.

Question. At a point where a train crew or engine was not changed, but which was a division point for some other train in the passenger service, you would rule that it was a division point for that train?

Answer. If it is a division point for any train moving to that point and breaking its consist, for our purposes it is a division point for the other train. (R. 430, 431.)

**WHEN THE RAILROAD MAKES THE CHANGE OF UNIT
THERE IS COMPENSATION FOR THE CHANGE.**

In replying to Mr. Wood's questions on a hypothetical case as to the practice of cutting out car and transferring load, Mr. GAINES testified on cross-examination as follows:

Answer. There is always some compensation for a change of that kind. You cut in a car at a given point on the line, and in many cases you would be able to load before that train arrived more mail than you will have to transfer. (R. 186.)

Mr. Gaines testified on re-direct examination, with reference to the advantages of advance loading where changes in car units are made, as follows:

Question (by Mr. STEWART). You referred just incidentally to the advantage to the railroad companies in the advance loading of the car which is spotted at this point. I do not think you explained that so as to bring out the importance of it. I wish you would continue upon that point.

Answer. Well, I will say that at many points in the eleventh division, and doubtless in all others, more mail could be loaded in advance of the schedule time for arrival of the train where the change was to be made than would be involved in the transfer after that train arrived at the station, and, in some cases, I believe the change could be made with economy in time. (R. 221, 222.)

**TERMINAL ALLOWANCE IS MADE WHENEVER THE CAR
UNIT IS CHANGED.**

Mr. BRAUER, superintendent, Railway Mail Service, Omaha, Nebr., testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, as a matter of fact, it is true, is it not, that whenever the unit of that kind changes, the terminal allowance is made?

Answer. Yes, sir. (R. 246.)

**OPERATION OF CARS IN FULFILLMENT OF AUTHORIZA-
TIONS AND COOPERATION BETWEEN RAILROADS
AND DEPARTMENT.**

The following colloquy took place during the cross-examination of Mr. SEARLE:

Question (by Attorney Examiner BROWN). Do they make these authorizations of the space basis without consultation with you?

Answer. Oh, yes; they make the authorizations without respect to us. They simply notify us of what space they want.

Question. Without regard to how the train is made up or how it is economical to operate, and can be efficiently operated?

Answer. Yes, sir.

* * * * *

Mr. STEWART. I think the gentlemen are entirely mistaken about that. The instructions and the rules which are embodied here express the consideration in many cases which the department gives to the many conditions of train operations. It can not be said for a moment that the department arbitrarily authorized these things without regard to train operation. These rules in many places express the opposite.

Question (by Mr. STEWART). Now, so far as cooperation is concerned, it can not be said that the railroads have always cooperated with the department, Mr. Searle?

Answer. They have, as far as they could, consistent with efficient operation of trains.

Mr. STEWART. The only difference, as it appears to me, lies in this point, that the department attempts to authorize the service in accordance with the provisions of this act and the needs of the service, and the railroad companies continue to operate the cars they had under the weight basis. The Post Office Department desires to have the pay fixed upon a consideration of the needs of the service, as expressed by their authorizations and the railroad companies desire to have the pay, if the space basis continues, being fixed upon a consideration of the actual space operated by them.

Attorney Examiner BROWN. Well, use the word there——

The WITNESS. "Necessarily."

Attorney Examiner BROWN. "Necessarily" operated by them.

Mr. STEWART. And there is a point in dispute as to whether or not this space is necessarily operated to carry out these authorizations. (R. 2119, 2120.)

DESTINATION LOADS IN SEVERAL CARS RUN BY THE RAILROAD IN LIEU OF ONE LOAD IN ONE CAR.

Mr. GAINES testified on cross-examination as follows:

Question. Ordinarily, you have a full car when you have 60-foot storage. Now, if we take this same illustration of the train running from A to D, and the 60-foot authorization is reduced to 30 feet at B, what will the railroad company do?

Answer. Cut out the car that they do not need, or else, as we have permitted the railroad companies to do for their own benefit, make destination loads at the initial point of baggage, mail, and express in two or more cars, and let them run as baggage, mail, and express through, and pay the railroad company for the storage car as long as there is 60 feet of space used in storage in the train.

Question. But you have reduced that storage from 60 feet down to 30 feet. Now, the railroad company has either got to carry that 60-foot car through—that equipment and 30 feet of space through that is already in it—or it has to cut that car out and put in another car?

Answer. Not in the case—

Question. And transfer the mail.

Answer. Not in a case like the one I speak of, and it has been arranged to excellent advantage for the railroad companies and the department.

Question. But that would assume that they really needed 60 feet all the way through.

Answer. No, sir; I beg your pardon. May I state a concrete example?

Question. Yes.

Answer. There is a storage car paid for by the department between St. Louis and Palestine, approximately 600 miles, we will say. Now, that storage car, for which the department pays the regular storage rate of 21 cents a mile each way, is satisfied by loading 40 feet in the San Antonio baggage car and 20 feet in the Houston baggage car. There is no shifting of load en route. I believe that could be worked out to excellent advantage, so as to get away, in a great many cases, from just such propositions as you have in mind there. The destination load is made at St. Louis on the mail, baggage, and express, and goes through to San Antonio and Houston, respectively, without any transfer en route. It is true that in other cases the unit is reduced en route. The * * * space * * * vacated by the mail and baggage * * * can be utilized by the railroad company just as they can utilize the space vacated by a passenger who buys a ticket halfway over a line, instead of buying a ticket all the way through. (R. 189-191.)

OPERATION OF CARS UNDER THE SPACE SYSTEM THE SAME AS UNDER THE WEIGHT SYSTEM.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). In a great many cases the unit is changed en route, and where, at least as the cars are operating to-day, there is a saving accomplished in the

amount which the railroad company gets from the Post Office Department but absolutely no saving in the amount of equipment which they haul?

Answer. That is true in some cases, of course.

Question. Well, it is true in a great many cases, is it not, in all classes of service, the railway post office, the storage, and the baggage car?

* * * * *

Question (by Attorney Examiner BROWN). Well, would not that be true if you had a weight basis, where your car starts out full, and halfway it was half empty? You would not give the full weight through, would you?

Answer. No; they did not get paid based upon the quadrennial weighing, except for part. (R. 192, 193.)

Mr. GAINES testified on re-direct examination that more "dead space" or excessive operation of car space occurred under the weight system than under the space system under the same state of facts, as follows:

Question (by Mr. STEWART). Reference was made to the practice under the weight basis in regard to the amount of payment received by the company for the services performed over a run, where the weights diminished en route, as compared with the practice under the space basis, where the company receives pay for these several sizes of units, and the company sees fit to carry the car through to the end of the train run. Now, I will ask you whether it is not practically a parallel case where, in the first instance, the company received pay for the average daily weight of mails carried over the whole route, which took into consideration these reductions in the amounts of mail carried over the several parts, and makes it comparable with the case supposed under the space system?

Mr. ASHBAUGH. We object to the form of the question, Mr. Examiner, as purely argumentative, and this is direct examination.

Attorney Examiner BROWN. The objection is noted. Let him answer.

Answer. In my judgment, it is clearly comparable, and in the cross-examination I made the statement to the same effect, that whether on the weight or the space basis, the amount of service performed was influenced by the dispatch of a considerable amount of mail at a given point en route.

Attorney Examiner BROWN. Of course, I am still not satisfied, and that does not answer the question which was propounded by Mr. Wood as to the matter to which he was directing his examination, and that is if you require a

60-foot car at the start, and there is at an intermediate point a reduction of the mail matter to such an extent that it would take a 30-foot car, operating conditions are such that you can not make an exchange there and make your train connections and haul the 60-foot car through, and his question was if the carrier there did not haul a 60-foot car at least half the distance when it was not necessary.

Question (by Attorney Examiner BROWN). Now, did not that, as a matter of fact, occur when you had the weight basis; that is to say, you started out with a car full; when you got half or two-thirds of the way it was only part full, but you still carried the car through?

Answer. We carried a great deal more dead space under the weight basis than under the space basis.

* * * * *

Attorney Examiner BROWN. Do you wish to argue the matter, Mr. Stewart?

Mr. STEWART. I do not think it necessary at this time to enter upon an argument with reference to the rates of pay, or the adequacy or inadequacy of the pay for the service rendered; but if I had anything to say it would be this, that the two cases are absolutely comparable, and that by the testimony of this witness it is shown that the companies voluntarily furnished a greater amount of space to carry a given amount of weight, and were satisfied with receiving pay on the basis of weight, while they now operate to carry the same amount of mails and are paid at a greater rate than they were under the weight basis for the same service rendered, in furnishing the same facilities. (R. 222-225.)

**ASCERTAINMENT OF FACTS AS TO SERVICE NEEDED
AND WEIGHTS CARRIED MADE LARGELY BY CLERKS
IN THE FIELD UNDER EITHER BASIS.**

Mr. GAINES testified on re-direct examination as follows:

Question (by Mr. STEWART). I am asking you particularly about the manner in which this volume of mail is ascertained under this system as it now exists, which Mr. Wood brought out on cross-examination, that that lies largely with the determination of the facts by the clerks in the field. Now, I will ask you if it is not true that if we were weighing the mails, in order to ascertain the basis for adjustment, the same clerks would not have to weigh the mails on and off at every station?

Answer. Mr. Wood proposes to have the station baggagemen do that.

Question. Very well. That will be still worse, but I am asking you what the system would be, making it entirely comparable with the assumption of Mr. Wood's question.

* * * * *

Question. Now, he assumes that the clerks are counting these bags on and off, and I ask you whether or not, if we had a weighing system, and weighing had to be conducted by somebody on the trains, that that weighing would not be done by the postal clerks on the train, but by the postal clerks with the assistance of regular weighers employed?

Answer. I do not see any other possible way to have it done and have it done accurately.

Question (by Mr. WOOD). Three hundred and sixty-five days a year?

Answer. No; I mean for the statistical period.

Mr. STEWART. The basis might be determined upon an average ascertained over the period, just as the law has provided.

Question (by Mr. STEWART). Is there absolutely any difference in that system, so far as those facts are concerned?

Answer. So far as having to depend, in the final analysis, on the man on the train to ascertain the amount of mail carried; no, sir. (R. 3369-3371.)

THE RAILROADS DO NOT RESERVE OR HOLD EXCLUSIVELY FOR THE MAILS SPACE AUTHORIZED FOR MAILS IN BAGGAGE CARS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, you heard the testimony of the witnesses to the effect that authorizations in baggage cars of smaller units are held by the railroad companies exclusively for the mails. What have you to say in regard to that, based upon your experience in the service?

Answer. I can not believe that they are held for the exclusive use of the mails when we do not occupy all of the space authorizations with mail in the train. It has come under my personal knowledge a number of times where the space was encroached upon. We have no quarrel with them if we do not need the space. The mail fluctuates. Sometimes we need more and sometimes we need less. If we do not have it in use at the time, the railroad company, doubtless, and in cases that have come under my knowledge, does use that space for baggage, express, or for any other purpose it may desire.

Question. So far as your experience is concerned and your observation of the service, it is not correct that when these small units of space are made or are authorized the railroads in actual practice reserve that space exclusively for the mails in the operation of their trains?

Answer. I am very sure that they do not. (R. 3229, 3230.)

OPERATION OF CARS THROUGH UNDER REDUCED AUTHORIZATIONS NOT TYPICAL IN TERRITORY WEST OF MISSOURI RIVER.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). * * * The fact of the matter is that over this country there are scores and scores of cases in which, since the space basis was put into effect, and since April, the authorizations for railway post-office cars and apartment-car service have been reduced en route during the run of the car, when it was a well-known fact on the part of the division superintendent that the railroad company was going to be required to operate that car clear through to destination; is not that so?

Answer. I have heard testimony to that effect; yes.

Question. And that testimony you know is typical of the situation throughout the country, do you not?

Answer. Not throughout the country; no.

Question. You think it is not?

Answer. It is not.

Question. Where does it not exist?

Answer. It does not exist to any great extent in the entire territory west of the Missouri River.

Question. Have you discussed that with Mr. Brauer?

Answer. I have not.

Question. You have no knowledge of the situation on his lines in that respect?

Answer. Well, he probably has a line or two where it may occur, but that does not make it typical and representative. (R. 3073, 3074.)

REDUCTIONS IN AUTHORIZED SPACE UNDER THE SPACE SYSTEM HAVE BEEN THE RESULT OF DISCONTINUANCE OF TRAIN SERVICE AND OF THE CONSOLIDATIONS OF LOADS. THE CONSEQUENT RELEASE OF RAILROAD EQUIPMENT HAS MET WITH THE RAILROADS' APPROVAL.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Reference was made by the witnesses to the reduction of space during the past year. Will you name some of the reasons why the service has been reduced?

Answer. Reductions in authorizations were due largely to the discontinuance of a great deal of passenger-train service which was made over the entire country under the Railroad Administration's orders so as to eliminate that which was not essential under war conditions. It was also due in part to consolidation of loads, as was accomplished on some lines to a very great extent, systematically, and at the request of the railroad companies, as, for instance, on the New York Central lines. That action resulted in utilizing space in storage cars to an extent never accomplished before, relieving the fast passenger trains of handling such cars, having them moved, where practicable, on slower trains, wherever that could be done without detriment to the service. The New York Central officials cooperated in the movement, and in fact urged that it be taken for the benefit of the railroad company. This consolidation of loads released for other purposes a large amount of equipment which would otherwise have been partly loaded.

Question. So that, if I understand you correctly, the reductions in the service, so far as it affected the operation of equipment which would be utilized by the companies, has met with their approval and their cooperation?

Answer. Yes, sir. (R. 3230, 3231.)

RAILWAY POST OFFICE CARS.

MANNER OF MAKING AUTHORIZATIONS FOR SPACE UNITS.

Mr. KNOX testified, on direct examination, as follows:

Question (by Mr. STEWART). Now, will you describe the manner in which authorizations are made for the several units of car service, beginning with the observation or investigation in the field and following the subject through the various stages up to the authorization by the department? * * *

Answer. Regular authorizations are made by the department in Washington, and I will show in detail, as information, the method pursued in handling these authorizations of regular space from time of beginning investigation until payment is made to railroad companies.

If service on a train not previously used on a route not already authorized for service, or if additional distributing space or storage space in any train in which authorization is now made is deemed necessary, the proceeding is practically as follows:

A chief clerk or division superintendent makes a personal investigation and the actual needs as to space are

determined. If new service is thought necessary on an existing route, report shows the number of pieces of mail to be advanced by the establishment of such service, the time to be saved by such establishment, and all other benefits that may accrue by reason of the proposed authorization. If an increase in existing space is desired in a train already authorized, report is made showing the separations necessary, providing the additional space is of the distributing nature. If additional storage space is necessary the fact is determined by examination of emergency authorizations during a month just prior to making the report. If these emergency authorizations show space used at least 20 times in the month in question, then recommendation is made for a unit of regular space sufficient to cover the emergency mails previously carried. * * *

Reports covering space authorizations are made by the division superintendent to the general superintendent at Washington, who approves or disapproves, as may appear in his judgment proper. If approved, the recommendation is then referred to the Division of Railway Adjustments, Bureau of the Second Assistant, where further review is given to the report. So far as authorizations for establishment of railway post office or apartment service is concerned, the decision of the Railway Mail Service is generally final—that is, of the general superintendent's office—the Division of Railway Adjustments as a rule issuing the formal order. In relation to additional space deemed necessary, based on emergency authorizations, the Division of Railway Adjustments makes final decision. However, in these cases the statement of the division superintendent as to the emergency space which has not been reported to the department is almost without exception deemed sufficient evidence on which to authorize additional regular service. When the recommendation of the division superintendent is approved, the company is notified informally. * * *

A formal order is also prepared in the Division of Railway Adjustments, copies of same being transmitted to the railroad company, the office of general superintendent, and the division superintendent. This formal order is in a form that indicates the train involved, the points between which service is to be authorized, the distance in miles, the class of service authorized, number of one-way trips per annum, miles of service per annum, rate per mile, annual rate, initial and terminal allowance, annual rate initial and terminal allowance. The form, in addition to the foregoing, gives the route-number, date of order, old length of route, new length of route, line pay, initial and

terminal allowance, and total pay, both old and new; that is, prior to the issuance of the order and subsequent to its issuance. The order is given a formal number, increase or decrease in pay, and increase and decrease in length of route is shown, also the date the company was notified informally.

That completes the information to the company upon which it bases its affidavit.

Question. That gives the company all the possible information that is needed to inform itself, first, as to what service already authorized is superseded or changed, and as to the service which is authorized in the future to take its place?

Answer. The informal letter embraces all information, and the formal order furnishes other information that is needed by the company in preparing its affidavit. It is not necessary for the formal order to reach them so soon. (R. 3017-3022.)

PERMANENT AUTHORIZATIONS TO SUPERSEDE EMERGENCY AUTHORIZATIONS.

Mr. KNOX testified, on direct examination, as follows:

Question (by Mr. STEWART). Now, emergency service, as I understand you, represents that fluctuating part of the service which is the index of either the growth or diminution of the service upon a line?

Answer. That is correct; yes, sir.

Question. And that is carefully observed and accounted for, and when the increases average something like uniformity on 20 days, it is recommended to be taken up and made regular permanent service?

Answer. A regular permanent unit of space is recommended then to take the place of this emergency mail that was carried previously. (R. 3019.)

RELATIVE IMPORTANCE OF SERVICE PERFORMED IN FULL RAILWAY POST-OFFICE CARS AND APARTMENT RAILWAY POST-OFFICE CARS.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Now, what is the relative importance of the service performed in the 60-foot railway post-office cars, 30-foot apartment cars, and 15-foot apartment cars; first, with respect to the miles of service performed per annum by each unit as such, and, second, with respect to the miles of service performed per annum on the equated 60-foot car-mile basis? Here are exhibits which may assist you.

Answer. According to Post Office Department Exhibit No. 5, the per cent of miles of service per annum performed by the 60-foot full railway post-office cars as such units was 15.46; the per cent of miles per annum performed by the 30-foot apartment railway post-office cars as such units was 26.05; and the per cent of miles per annum performed by the 15-foot apartment railway post-office cars as such units was 17.40. However, when the car-miles performed by the 30-foot apartment units and the 15-foot apartment units are equated to 60-foot car-miles, the per cents are as follows: For 60-foot railway post-office cars, 34.16 per cent; for 30-foot apartment cars, 28.78 per cent; for 15-foot apartment cars, 9.61 per cent.

Question (by Mr. WOOD). As of what date are those figures, Mr. Knox?

* * * * *

Mr. STEWART. March 27, 1917.

* * * * *

Question (by Mr. STEWART). And the last figures you gave were from Post Office Department Exhibit 51?

Answer. Fifty-one.

Question. Covering the same period?

Answer. Yes, sir. (R. 3015-3017.)

**DISTRIBUTING UNIT CHANGED TO NEXT HIGHER UNIT
ONLY WHEN ADDITIONAL STORAGE SPACE NEEDED
IN BOTH DIRECTIONS.**

Mr. KNOX testified on direct examination as follows:

Question (by MR. STEWART). Now, you have described the elements which primarily influence the recommendation for additional distribution space. I will ask you whether there are any exceptions to that rule?

Answer. There is only one exception to the rule of basing authorizations for distributing space solely on the separations necessary, and the amount of working mails to be carried is covered by rule 22, found on page 43 of Post Office Department Exhibit No. 1, as defined by department's letter of September 26, 1918, reading, in part, as follows:

The words "in both directions" as used in rule 22 have heretofore been interpreted, when authorizing space, as meaning that where, for example, a 15-foot apartment car is sufficient for the distributing needs of the round trip and 3 feet or 7 feet of space additional is needed in both directions between any points on the apartment car run, the next higher apartment car unit of space will be authorized between the divisional points which include that part of the route over which additional space is needed in both directions. The following example illustrates this interpretation:

A route is authorized from A to D. In a certain train a 15-foot apartment car unit is sufficient for the distributing needs over the entire route. B being a divisional point, an additional 3-foot storage unit being required from A to B, and an additional 7-foot storage unit from B to A. Under such a condition a 30-foot apartment car unit of space would be authorized between A and B and a 15-foot apartment car unit between B and D. In case B is not a divisional point, a 30-foot apartment car unit of space would be authorized between A and D.

Question. Then, the distributing unit is raised to the next denomination, when the additional space is required in both directions between the same points?

Answer. Between any two points.

Question. Between any two points?

Answer. Yes, sir.

Question. And if that requirement falls between points along the route, marked, for instance, by a point where there is no divisional point, as the railroads may term it, the authorization is made through to the end of the route?

Answer. Through the length of the car run, if there is no divisional point on the run of the car.

Rule 22 provides that where a certain distributing unit of less than 60-foot is sufficient for the distribution needs of a round trip and additional storage space is authorized in both directions, the authorization for the run will be the next higher distributing unit and will be paid for if operated, or any pro rata of the higher unit's pay will be paid for if a car in excess of the distribution needs is operated which is not as long as the next higher unit. Circular letter of September 26, 1918, that I have just read, defines a round trip as the constructive round trip of a car between two divisional points, which divisional points are defined by rule 20, page 43, of Post Office Department Exhibit No. 1.

* * * * *

The effect of this rule and the definition thereof is to increase the distributing authorization of many runs from 15-foot to 30-foot, and from 30-foot to 60-foot, for any round trip between any two divisional points if any storage mail is carried in both directions between any two points in that particular division. However, should there be a storage authorization in addition to the distributing authorization in one direction, which storage authorization terminates at any intermediate point on the run, and a storage authorization is necessary also in the train run in the opposite direction between terminal and any intermediate point, then the distributing authorization will not be increased to the next higher unit unless the storage runs out of each terminal overlap. If they do overlap, then the distributing unit will be increased over the entire

run of the train if confined to any one division or over any division in which the storage units overlap if the train run exceeds one division. Under the circumstances just related there is no point on the run of the train where the next higher unit of distributing space should be authorized unless storage operates in both directions between any two points. This covers the case cited by Mr. Searle, witness for the railroads, in his testimony in relation to the Enid and Waurika (Okla.) railway post office. (R. 3035-3038.)

NUMBER OF AUTHORIZATIONS IN FULL RAILWAY POST-OFFICE CARS AND APARTMENT CARS REDUCED EN ROUTE.

Mr. Brauer testified on direct examination as follows:

Now, we have all over the service 1,386 30-foot regular authorizations, apartment cars, distributing cars; 1,138 of them continue over the route without change.

Question (by Attorney Examiner BROWN). Under your present rules?

Answer. Under our present rules.

Question. And you pay for them?

Answer. And we pay for them in both ways.

Question. How many did you say?

Answer. One thousand one hundred and thirty-eight; 248 cases we have in the service, as my figures show, where a 30 is changed to a 15 somewhere over the route. That also answers Mr. Wood's question, I think, as to whether these cases are typical that we have in 30-foot authorizations.

* * * * *

Now, in talking about apartment-car service, we have 2,653 15-foot apartment-car distributing authorizations, and all but 99 are paid over the route.

Question. Going and coming?

Answer. Going and coming always. We have 496 60-foot distributing-car authorizations, and in that case, too, all but 99 are paid for over the route. Those go from 60 to 30. (R. 3387, 3388.)

STORAGE CARS.

PAY FOR DISTRIBUTION AND STORAGE CAR UNITS BASED UPON THE ROUND TRIP OF CARS.

Mr. KNOX testified on direct examination as follows:

All distributing authorizations and full-storage cars are paid for on a round-trip basis. This applies to all storage cars used in one direction in regard to which the company can make affidavit that a return empty movement was

made. A car due to return from Seattle to St. Paul, for instance, empty, may operate to Spokane and there be used by the company on other business, either east, north, south, or west. At Spokane, another car may be substituted in some train or any train following on subsequent date for the car used at that point, and this substituted car may be diverted and placed in traffic at Havre, for instance. Another car may be used to complete the run from Havre to St. Paul, the only requirement being that the company make an affidavit that a return movement, irrespective of any particular car, was made to complete the outward movement in which the car was used by the department.

Question (by Mr. STEWART). Now, as I understand that, the department does not require that the car for which they paid the return movement shall return in the immediate train, but may be returned at any reasonable time, complying with the operating conditions of the road?

Answer. And over any particular section of the line.

Question. Yes, sir.

Answer. As the railroad company finds it expedient to handle it. (R. 3023½, 3024.)

EMPTY RETURN MOVEMENT OF STORAGE CARS PAID FOR UNLESS CARS USED BY COMPANY.

Mr. KNOX testified on direct examination as follows:

By agreement the department will authorize payment for a return storage movement over a portion of any particular route or routes under circumstances as follows: The company may find it necessary in the course of handling its business to use the storage cars over a portion of the car run. This is a return movement. If so, the department will pay for the return movement of the car over other portions of the entire car run provided affidavit is made that these other portions were covered by the empty car movement. If such an agreement is made, it is further stipulated that any emergency car movement operating in the same direction and over the same portion of route as that section where the company uses the return movement of regular storage cars will be paid for in one direction only. This is to avoid paying for a round-trip movement of an emergency storage car where for convenience of the company the department arranges for the return movement of the regular storage car to be used in company's business.

Question (by Mr. STEWART). Then, as I understand from that, the department arranges for payment for a return movement, although that return movement may not coin-

cide entirely with the outward run from terminal to terminal?

Answer. That is correct; yes, sir; permitting the company to use the car, if it can do so to advantage, over any portion of the car run for the return movement. * * * The only deduction made in connection with the return movement of empty storage cars is the initial and terminal allowance one way on the deadhead movement—this allowance not being made as no service to the department is being furnished. (R. 3024, 3025.)

CHANGES IN RAILWAY POST-OFFICE OR STORAGE CAR UNITS BETWEEN TERMINALS.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, in connection with the operation of these train facilities, have you any cases on your division where the authorized space in railway post office or apartment cars varies between different points along the run of those cars?

Answer. * * * To state a case, we have a car which runs from St. Louis to San Antonio. Those cars are run at the option of the railroad companies. They are run through, it is presumed, to avoid transfer of mail en route and as an economical measure in the way of reduced number of cars that would otherwise be necessary to protect the service. Now, over the length of that run of over 1,000 miles, the conditions will vary. It may be that we will need 60 feet, a 60-foot storage car over a part of it—

Question. Yes; let us leave the storage car out for a minute in order to keep it simple.

Answer. Yes; well, I was just stating that to show the fluctuation of the mail.

Question. Yes.

Answer. But, at any rate, a 60-foot car might be used to its capacity on a run of that length over one part of the line and be entirely unnecessary over another part of the run of that car. The run of that car is a matter that is left to the railway company. At least, we do not object to it. It is an economical measure, and one to which we can conform in the operation of our service. (R. 181-183).

CLOSED POUCH AND STORAGE SPACE.

ENTIRELY PRACTICABLE TO HANDLE CLOSED POUCH MAILS IN THE UNITS AUTHORIZED BY THE DEPARTMENT.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). You have heard the testimony of railroad witnesses with respect to the handling of

closed-pouch mail, for instance, in small units in baggage cars. Do you think that it is entirely practicable to handle them in connection with authorizations such as are made by the department?

Answer. Three and seven feet?

Question. Yes.

Answer. Yes, sir; without the necessity of separating on the car floor—is that what you refer to, Mr. Stewart?

Question. Well, I believe the railroad witnesses have testified that, as a matter of fact, they do separate them on the floor. I am directing your attention particularly to the practicability of stating the space required in the units designated by the department, and I ask you whether it is practicable to so estimate that space and yet handle the mails in the manner the railroads say it is most convenient to handle them; for instance, take a 3-foot closed-pouch unit. How do the railroad employees find it convenient to handle that?

Answer. Well, it has been my observation that they handle it in connection with their baggage and express; that is, they will sort the three different commodities—mail, baggage, and express—together. The mail is piled on top of the baggage and express, as was testified. No doubt that is the best way to do it, but it could be handled, and, so far as I am personally concerned, I would much prefer if the 3-foot or the 7-foot was stalled off in the baggage car and the mails piled in there without count. It has been said that that could not be accomplished because of the necessary separation. That has not been my actual experience. For 10 years, I ran on the Santa Fe between Chicago and Kansas City, and out of Chicago we received a considerable amount of local mail for delivery at all the stations en route. Mr. Lindsay, perhaps, knows exactly the number between Chicago and Kansas City—I do not know—probably 40. Of course, if we had sorted that out on the floor, we would never have had any room to do anything else, and we did pile it in one or two stalls, and got it out of there and tendered it at local stations. There was no inconvenience, and it was practicable. They are doing it to-day in just that same way.

Question. Now, you are speaking of the work in a railway post-office car?

Answer. That corresponds to the work in a baggage car. These sacks are made up for direct delivery at these local stations, and there is no difference in the work. So far as this local mail is concerned, it is all made up in a mail car and in a baggage car.

Question. The space in the mail car is somewhat restricted, is it not?

Answer. Storage space?

Question. Storage space.

Answer. Yes, sir.

Question. And under those circumstances the railway postal clerks find it entirely practicable to pile this mail in the storage space in such a manner that the mail that is received and the mail that is dispatched may be handled without any inconvenience?

Answer. They do do it.

Question. And you say that is entirely analogous with the service, in so far as the unloading of the mails from the car is concerned, which is performed in the baggage cars?

Answer. Yes; the small units, you are speaking of?

Question. Yes; I am speaking of the small units.

Answer. Three and seven. (R. 2931-2933.)

STORAGE SPACE AUTHORIZATIONS GENERALLY CARRIED IN EXCESS SPACE IN OVERSIZE CARS WHEN SUCH CARS ARE OPERATED.

Mr. KNOX on cross-examination testified as follows:

Question (by Mr. WOOD). I think you said yesterday that in a large proportion of cases where cars larger, or apartments larger, than the authorized apartments are actually operated they are accompanied by a regular storage authorization, and that the storage mail is carried in the oversize car.

Answer. Yes; they are accompanied by regular storage authorizations one way.

Question. Yes, and that is carried in the oversize car?

Answer. With the exception of the Union Pacific Lines, it is generally carried in the oversize car. The Union Pacific system has requested that this mail be carried in the regular baggage car, except in any particular instance where they request us to put it in the oversize car.

Question. But there are a great many cases of the oversize car with the storage authorization one way in your division, with the storage carried in the oversize car, are there not?

Answer. There are many cases. I could not give you the percentage of them as compared with the total.

Question. I would just as soon strike out the adjective and say there were many.

Answer. I could run through the schedule and give you the exact number, but there are a large number of them.

Question. No; that won't be necessary. What is true in your division is true of other divisions?

Answer. I should think so. (R. 3091, 3092.)

WHEN DEPARTMENT AUTHORIZES MAILS TO BE CARRIED IN EXCESS SPACE, IT PAYS FOR THE UNITS IN THAT SPACE.

Mr. STEWART stated during the direct testimony of Mr. Mack, in reply to inquiry of Attorney Examiner Brown, as follows:

Question (by Attorney Examiner BROWN). Well, now, take your next section, the fifteenth rule or fifteenth paragraph of the statute:

Where authorizations are made for cars of the standard makes of 60, 30, and 15 feet, as provided by this section, and the railroad company is unable to furnish such cars of the length authorized, but furnishes cars of lesser length than those authorized, but which are determined by the department to be sufficient for the service, the Postmaster General may accept the same and pay only for the actual space furnished and used, the compensation to be not exceeding pro rata of that provided by this section for the standard length so authorized: *Provided*, That the Postmaster General may accept cars and apartments of greater length than those of the standard requested, but no compensation shall be allowed for such excess lengths.

It would appear that the rules the department is operating upon do come from the statute, but, of course, you are now proffering testimony as to the inequality and injustice of the statute and the rules of the department also.

Mr. STEWART. I will say, Mr. Examiner, right there, in regard to that last proviso, that where there is excess space there and the department requires other units of service and it can be carried therein, it does pay for the units in that space. (R. 1909, 1910.)

APARTMENT-CAR SERVICE SUPERSEDED BY CLOSED-POUCH SERVICE ONLY AFTER THOROUGH INVESTIGATION AND COMPLETE ARRANGEMENTS TO PROVIDE MAIL SERVICE; SUCH CHANGES NOT TO THE DETRIMENT OF THE SERVICE.

Mr. GAINES testified on direct examination, as follows:

Question (by Mr. STEWART). Mr. Gaines, Mr. Mack referred to the case of the Bridgeport and Graham railway post office and the Amarillo and Tucumcari railway post office.

* * * * *

which were discontinued and closed-pouch service substituted. What have you to say in regard to those cases?

Answer. I can only say, like all cases where those 15-foot apartment car lines were discontinued and the closed-pouch service substituted for the railway post-office service, it was done, after very thorough investigation and arrangements made to take care of the service, so that there would

be no delay to any mail, except that possibly people living along the line of the road would not be able to dispatch mail at the last moment by giving it to a postal clerk in the train. On the Bridgeport and Graham, I believe, there are only three offices on the line, and if I had any excuse to offer it would be for recommending the service on that part of the line to start with.

Question. That is the apartment-car service?

Answer. The apartment-car service. You spoke of another case, the Amarillo and Tucumcari. The same answer will apply to that, although I do not know just how many local offices intervene, but I will say that in any case where it can be shown that the service is suffering, and any mail being delayed by the arrangement, a recommendation will be made for the reestablishment of the railway post office. We do not intend to make those changes to the detriment of the service, and I believe they have not been so made. (R. 3280, 3281.)

**PRACTICE OF DISCONTINUING APARTMENT CARS AND
SUBSTITUTING CLOSED-POUCH SPACE NOT PECULIAR
TO THE SPACE BASIS.**

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Reference was made to the discontinuance of apartment-car service and the substitution of closed-pouch authorization. Was it the practice under the old system to do that from time to time?

Answer. As conditions changed on any route they were occasionally discontinued. It was not extensive, though.

Question. And the practice of discontinuing apartment cars under the present system and substituting closed-pouch service therefor is not essentially or especially a product of the space system?

A. Not necessarily so. (R. 3190, 3191.)

**COMBINATION OF UNITS IN AUTHORIZING STORAGE
SPACE IN REGULAR SERVICE NOT A DESIRABLE
MODIFICATION OF SYSTEM.**

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). Mr. Knox, some time earlier in the case a witness was produced by Mr. Stewart with the preliminary statement that the department had certain proposals to make with respect to an amendment of the space unit. That witness proceeded to read the proposals of the department, which contemplated, as I understood the witness, the elimination, so far as storage space is concerned, of what the witness called the step plan from 3 to 7, 7 to 15, 15 to 30, and 30 to 60 in connection with the

regular storage authorization, and the substitution of storage space to be authorized without regard to the step plan, but by a combination of lesser units. In your opinion, would that be a desirable modification of the space system?

Answer. Not from the standpoint of the man in the field, I don't think it would. (R. 3170.)

EMERGENCY SPACE.

EMERGENCY AUTHORIZATIONS AND PAYMENTS DESCRIBED.

Mr. KNOX testified on direct examination as follows:

Answer. The emergency authorizations are of a radically different nature than regular authorizations. They are designed to meet emergencies, as the name implies, and they may be made for all units of space, either single or in combination, to and including the full storage car. Distributing cars or apartments are not authorized as emergency units except in rare instances, such as when service is interrupted and standard distributing cars are available. In such instances emergency authorization may be used to cover any distributing apartment that may be available.

Question (by Mr. STEWART). Now, do those instances occur very often?

Answer. Very rarely, indeed—perhaps once or twice a year in the whole division.

Question. So that, as a matter of fact, the emergency service is that service which is concerned almost entirely with the flow of mails in closed-pouch and storage units?

Answer. Yes, sir. Emergency authorizations are made by transfer clerks and by railway postal clerks, and these clerks in making requests for emergency space make same in accordance with certain rules issued by the department. The department is bound by these authorizations and will make payment for services as shown performed upon affidavit covering the same being presented by the railroad companies. These affidavits are similar in form to those used in reporting regular service, and pass through the division superintendent's office, certificates being there attached in the usual manner. Similar action as has been related in regard to regular units of service is taken in relation to exceptions, etc. In the event emergency service is necessary on a train where there is no department representative available to furnish the emergency authorization, the department accepts requisition for such space signed by railroad baggagemen or other railroad representatives; that is, provided this train is authorized to carry space. All emergency authorizations accompany the

affidavit, that is, these small authorizations, prepared by the companies in the division superintendent's office before forwarding to the department.

Question. Now, the purpose of making these emergency authorizations is to provide a means of paying accurately for the service that is performed; is that correct?

Answer. That is correct; yes.

Question. Will you describe a little more in detail, taking one instance, the manner in which it is done? Assuming, now, that you have a regular authorization, and that you have an increase in service which must be provided for by emergency authorization, how does the matter come up, and how is it handled?

Answer. Well, assume that there is a 15-foot storage unit in a train authorized for service, and that if the train leaves the initial terminal or proceeds over the route from day to day, it is necessary for the postal clerk in that train, at the transfer point or at the initial point, to issue to the railroad company a request for emergency space practically 20 days or more in a month. These emergency affidavits come to my office direct; that is, through the chief clerk, the original. The duplicate is sent to the railroad company. By the end of the month the clerk in charge of that service in my office has called my attention to the fact that the emergency service in this train is running heavy; that there are 20, 24, or 25 days during the month when it is necessary to ask the company to furnish additional space. That being established, a report is submitted by me to the department calling these facts to its attention, with the request that the 15-foot storage unit be discontinued, and, in lieu thereof, a 30-foot storage unit be authorized, unless there is some other means of handling this mail. We do not want to jump from 15 to 30 if we can dispatch the mail with equal advantage elsewhere. That is looked into, of course.

Question. Now, no emergency mails are carried in the train unless the train will furnish the facility in its ordinary and usual consist to transport it * * *?

Answer. No. If mails are offered a train en route or at the initial terminal at such time that there is no room for these emergency mails in the train, the company does not have to carry them; the mails are left to be handled by some subsequent train or dispatched on some other line.

Question. During this time when the emergency mail runs on an average, say, 20 days in the month, the railroad is receiving full pay for that service, is it not, although the authorization has not yet been made permanent?

Answer. They are receiving full pay for all mails carried; yes, sir. (R. 3027-3030.)

THE AUTHORIZATION OF EMERGENCY SPACE UNITS.

Mr. STONE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, taking these administrative features in the field, * * * who determines the space authorizations?

* * * * *

Answer. I think, if there is a transfer clerk at the station, and he had more mail to put on than could be accommodated in the regular authorizations, he would make out a request to the local representative for the additional emergency space that he needed. If there was no transfer clerk, and there was a clerk in charge of the train, he would perform that duty.

Question. Is there any regular or definite course set down for your transfer clerks to follow in authorizing that emergency space?

Answer. Yes; they are furnished with different units of space that they can require, and for the smaller units they are instructed that a certain number of sacks should be accepted as equivalent to 1 linear foot of space in a baggage car.

Question. Now, on a train that is about to depart you find that the regular mail authorization on that train is not sufficient to accommodate the mail offered, what happens? Does the transfer clerk then count up the number of bags that there is left over?

Answer. He would probably form his conclusions before the train arrived, according to the mail that was on hand. He would know what the authorized space was on that train, and he would make his request for the excess, or what was needed.

Question. All of that takes time, does it not?

Answer. It takes some time.

Question. That is a regular feature of the administrative work under the space basis that you did not have under the weight basis?

Answer. But the transfer clerk was there under the weight basis, anyway.

Question. I understand he was there, but there was not the necessity for those formal authorizations. How does he make that?

Answer. There is a small blank on which he makes request for so many feet of additional space.

Question. Whom does he make that request on?

Answer. To the local representative of the railroad company. (R. 382-384.)

Mr. CORRIDON testified on cross-examination regarding emergency authorizations, as follows:

Question (by Attorney Examiner BROWN). What Mr. Wood is driving at is, when this ticket is made out authorizing the carrier to use what is called emergency space, and that gets down here to Washington, does anybody raise any objections to it here?

Answer. No; they do not, as a rule, unless there is something exceptional, for the reason that the railroad's statement is made in the form of an affidavit and is viséd by the division superintendent before it comes to the department. (R. 416.)

He also testified as follows:

The standard apartment cars are, as you know, 15 and 30 feet. There are perhaps 4,500 apartment cars. We will assume that 40 per cent of those 4,500 cars are not standard. They are either above or below in linear feet the authorized space. Were all cars standard, the question of emergency would not arise, only outside of the authorized unit. There is a wall in the car, 15 feet of space, and if there is an emergency asked for in a case of that kind, it is an emergency proposition in the adjoining part of the car, in the baggage car. Now, with oversized cars, we have had an expert go into the field to determine the amount of storage space normally in those cars. He says that in a 15-foot car there is space for 46 sacks—these are standard cars—and in a 30-foot car authorization there is space for 129 sacks, and in 60 feet, 240 sacks. That is the basis for the emergency authorizations in oversized cars. For example, a company, instead of furnishing a 15-foot apartment authorization, * * * asked for, * * * furnishes a 20-foot car. There is no space walling off the excess 5 feet. We need emergency space in that car. It is necessary to count 46 sacks to complete a regular authorization, and then any additional sacks are authorized on the basis of 15 sacks to the linear foot. When the clerk sees that his car has 46 sacks, and there is more mail on the siding to put into that car, there is an authorization for the equivalent space, based on the exclusion of the 46 sacks and the inclusion of the surplus.

Question (by Mr. WOOD). That is quite irrespective of whether, as a matter of fact, at that particular time, 46 sacks will go into the regular space or not; it may be that the regular space will be taken up with 30 sacks or 35 or 40 sacks, but, irrespective of the amount of space actually occupied, the emergency only begins after 46 sacks have been carried somewhere in the train?

Answer. Yes, sir; that is correct. (R. 417, 418.)

He also testified as follows:

Question (by Dr. LORENZ). Do I understand that the railroads do not accept your rule regarding the counting of sacks as a fair rule of universal application? Is that the source of the controversy?

Answer. I think it is.

Question. Now, if you took all of these protests together that are still outstanding, we will say, against the business of the year ending June 30, 1918, how much extra would it amount to, as compared to the total year's compensation? Would it be 5 or 10 per cent?

Answer. Of the entire compensation?

Question. Yes.

Answer. Oh, no; nothing like it. Do you mean of the entire railway mail compensation?

Question. Yes.

Answer. Nothing like it.

Question. You do not know what amount it would be?

Answer. I can give you the estimate of the actual emergency service as proportioned to the entire pay.

Attorney Examiner BROWN. No; that is not the question.

Question (by Dr. LORENZ). I mean what was the value, in dollars, of these protests?

Answer. I would say inconsiderable. (R. 422, 423.)

WHERE EMERGENCY MAILS MUST BE DISPATCHED AND THERE IS NO ROOM IN THE CONSIST OF THE TRAIN, A FULL CAR IS ORDERED AND PAID FOR.

Mr. BRAUER testified on cross-examination as follows:

Answer. * * * You have a solid mail train and there is no space in it, if they have got 3 feet of mail to transport, and they want it to go, it takes a full car and it is paid for.

Question (by Mr. WOOD). Well, you don't often do that, do you?

Answer. I have done it. I don't suppose for 3 feet, but I have done it for 15 feet many times. (R. 3442.)

SUBSTITUTION OF REGULAR FOR EMERGENCY AUTHORIZATION WHEN LATTER IS NEEDED TWENTY OR MORE TIMES A MONTH.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). Did I understand you to say that the rule of the department was that regular authorizations would be substituted for emergency authorizations where the emergency authorizations exceeded 20 days a month?

Answer. The department will authorize regular space if report is made by division superintendent calling attention to the fact that emergency authorizations exceed twenty or more times in a month on various days on any particular train.

Question. But do they always authorize it when such a showing is reported?

Answer. I have never had any case of my personal knowledge that they have not.

* * * * *

Question. Do I understand it to be a rule of the department that regular storage authorizations will be substituted for emergency authorizations where the emergency authorizations continue for 20 days in the month?

Answer. It is the practice of the department if the recommendation is made by division superintendents.

Question. How many months does that have to continue?

Answer. The change will be made if the statement is made by the superintendent showing that the emergency space in the train in question exceeds those days in one month.

Question. Twenty days?

Answer. Twenty or more.

* * * * *

Question (by Mr. Wood). If it was 19 days, no matter how heavy on those 19, then there would not be any recommendation?

Answer. I would probably wait until the next month to see how it got along. Meanwhile the company is getting paid for this emergency service in the exact amount carried. (R. 3165, 3166, 3170-3173.)

ADVANTAGES TO DEPARTMENT AND RAILROADS IN PLACING EMERGENCY SERVICE ON REGULAR BASIS.

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Mr. KNOX, in that enumeration which Mr. Wood made; that is, from the record of the service which was performed by the company during that period with respect to the excess mail over regular authorizations? Is not that true? That is the record of service performed?

Answer. That is the record of the service made upon our affidavit and submitted to my office.

Question. And the company was paid for that service upon that record?

Answer. The affidavit here shows that the department made payment upon that statement of service performed.

Question. And with respect to the question of authorization of regular service following a condition like that, it simply amounts to this, does it not, that the payment for the service, if made upon a regular authorization, proceeds upon that basis thereafter instead of upon this emergency basis?

Answer. That is the import of the change. It reduces the work on both the part of the railroads and the postal clerks and division superintendents' offices, and all concerned, by getting it to a regular basis instead of paying for these units of which each one has to be treated separately.

Question. And that is the advantage to be derived by placing it on the regular authorization basis?

Answer. Otherwise we would continue it as an emergency authorization indefinitely.

Question. You think it should go on the regular basis as soon as practicable?

Answer. Oh, certainly.

Question. And that is the purpose of your administration of your service in your division?

Answer. It is. (R. 3188, 3189.)

PERCENTAGE OF EMERGENCY SPACE TO ENTIRE AUTHORIZED SPACE.

Mr. KNOX testified on direct examination as follows:

Answer. Authorizations for service under the space basis plan of payment are of two classes—regular and emergency. Of these two classes practically all existing service is handled under regular authorizations; 2.81 per cent of the mails handled are covered by emergency authorizations, of which latter authorizations those for full storage cars comprise about half. These cars, though used as a rule one way, are paid for by the department as a round-trip movement.

Question (by Mr. STEWART). Now, Mr. Knox, right there, as I understand, your statement of the testimony in this case with reference to the emergency authorizations applies to but 2.81 per cent of the service, and at least one-half of that is carried in full storage cars, and does not fall under the criticism which has been leveled against it; is that correct?

Answer. That is my understanding; yes, sir. (R. 3017.)

RULE FOR COMBINING UNITS OF SPACE IN EMERGENCY SERVICE DOES NOT APPLY TO REGULAR SERVICE.

Mr. STEWART made the following statement:

I want to call further attention to the fact that this rule about which so much has been said does not apply to any regular authorization. It only applies to what the department has called emergency authorizations, and the purpose of these emergency authorizations is to supply some sort of measure of service, and pay for it, for an element which seems not to have been provided for in the statute. The statute provides for regular units of authorization. It seems to me that in the actual operation of the service there is a certain fluctuation, one way and another, generally an increase in mail over the regular authorizations. Some device had to be provided for paying for that service, of authorizing it first, and paying for it, and that is the device which was used here. Now, bear in mind that those authorizations are never made unless the space is found in the consist of the train. Nothing extra is ever asked of the railroad company on that. (R. 2071.)

THE DISTINCTION BETWEEN REGULAR AND EMERGENCY SERVICE LIES IN THE FACT THAT THE LATTER IS EXPECTED TO BE FURNISHED ONLY WHEN THERE IS SPACE AVAILABLE IN REGULAR CONSIST OF TRAIN AND THE AUTHORIZATION IS TERMINATED WHEN THE NEED FOR THE SPACE CEASES, THE VACATED SPACE BEING THEN AVAILABLE FOR COMPANY PURPOSES.

During Mr. MACK's direct testimony, in a discussion of emergency service, Mr. Stewart stated the distinctions between regular and emergency service as follows:

Mr. STEWART. * * * May I suggest some other features that appear to have been overlooked?

It appears to me that the very basis of this lies in the distinction between the regular service and the emergency service, so far as the consist of the train is concerned. Mr. Mack has said that the regular service is authorized for these regular units, and in connection with that we all admit—Mr. Mack will admit to me, or I will admit to him, rather—that the company must provide that unit if it is a reasonable requirement of the department. Now, when we come to the emergency service there is this radical distinction between that and the regular service, and from that distinction, as I understand, arises this rule, which applies to different kinds of combinations of these units.

I am stating no more at this time than simply to point out the reasons for the distinction.

After reciting the table here, the regulation or the rule proceeds:

It is to be understood in this connection that the carriers are expected to furnish these emergency units only in the space which may be available in the regular consist of the train.

I call attention to that.

The WITNESS. Yes, sir; that is like the first illustration I had.

Mr. STEWART. It will be requested, and need only be furnished if the company has this space available in the consist of the train.

Now, attention has been called to the fact that these authorizations diminish from point to point along the line, and considerable comment has been made upon the fact that thereby certain space has been released to the companies, and it has been stated or inferred from the discussion that that space is not available for any use the company put it to; but bear in mind the department is not responsible for that. That space is already in the train, would have been run whether any emergency authorization had been made at all or not, and the idea, as I take it, of this seemingly peculiar manner of authorizing the emergency space is only to charge the department with the actual space required where it does no harm to the railroad company. They say it releases space that they can not use. The department says that it releases space that they would run anyhow, whether we have an emergency authorization in that train or not.

Now, passing on to another point, in the next sentence:

Where the amount of emergency mail requires more than 30 feet of space and the company does not have available sufficient space in the train to accommodate it, requests may be made of the carrier for an additional storage car, if in the opinion of the department's representative the importance of the mail or other conditions warrant the expenditure, and when furnished will be paid for at full rates.

So that, in practical operation, if these units are not found in the consist of the train above 30 feet of space, they are not requested. The request is for a full car, and if the company furnishes it, they get full pay for a full car.

I think in the discussion of this matter, in regard to which so much has been attempted to be made, these facts ought to be clearly apparent in the record. (R. 1872-1875.)

UNDER THE SPACE BASIS RAILROADS ARE REQUIRED TO PROVIDE SPACE FOR THE REGULAR AUTHORIZATIONS, BUT SPACE FOR EMERGENCY AUTHORIZATIONS LESS THAN FULL CARS IS REQUIRED ONLY WHEN THEY MAY BE ACCOMMODATED IN THE REGULAR CONSIST OF THE TRAIN.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Witnesses for the railroads have testified variously with respect to the alleged necessity for leaving baggage and express when emergency mail was offered. I think the testimony was not very clear at times as to whether it was meant to apply to emergency mails or to the regular mails. Will you please state what the rules are with respect to that; or, I will say, state what your experience is with respect to that practice?

Answer. The rule under the weight basis was that the railroad companies must provide space for mails whether delayed mails or not, even though they had to take baggage and express out of the cars for the purpose of accommodating the mails. That rule has been changed, and under the space basis they are only required to provide space for the regular authorizations, and we can not require the company to handle emergency mails if there is no space in the train in which that emergency mail can be placed upon its being offered to the company. (R. 3235, 3236.)

Mr. WOOD read the rule stated in paragraph 42, page 48, of Post Office Department Exhibit No. 1.

Mr. GAINES continued: I said that under the weight basis the railroad companies could be required to unload baggage and express after it had already been loaded, for the accommodation of mails offered before the departure of the train. Under the space basis that is not true. They are only required to provide space for excess mails when there is space available in the consist of the train at the time that mail is offered.

* * * * *

Answer. Oh, if there is mail, baggage, and express on the platform at the same time, we insist that the mail shall be given preference, but we do not require, as we did under the weight basis, that baggage and express be unloaded from baggage cars or express cars and the mail loaded in its stead. That is the difference.

Question (by Mr. STEWART). Have you observed, Mr. Gaines, that baggage and express both are, in fact, left behind under those circumstances?

Answer. I believe no case has come under my personal knowledge except during the holiday period. I believe there was an instance where baggage and express and, in fact, during the holiday period it is possible that baggage and express was left on certain occasions. I know of but few. (R. 3237-3239.)

**THE SOLICITOR FOR THE POST OFFICE DEPARTMENT
HAS RULED THAT MORE THAN ONE UNIT OF SPACE
MAY BE AUTHORIZED.**

During Mr. MACK's direct testimony, the question of authorizing more than one unit of space in baggage cars was under discussion and the following colloquy ensued between Attorney Examiner Brown and Mr. Stewart.

Attorney Examiner BROWN. I suppose the Post Office Department will justify these figures, but the statute does not seem to provide for that kind of a division. The statute says that storage space in units of 3 feet, 7 feet, 15 feet, and 30 feet, both sides of car, may be authorized in baggage cars to not exceeding pro rata of the rates hereinafter named for 60-foot storage rate.

Mr. STEWART. I will say in that connection that that question was submitted to the Solicitor for the Post Office Department, and he rendered an opinion that under the statute units could be authorized in that manner, and the department applied it to the emergency service and to that service only. It does not apply otherwise. (R. 1767, 1768.)

**JUSTIFICATION FOR AUTHORIZATION OF EMERGENCY
UNITS ON THE PLAN FOLLOWED BY THE DEPART-
MENT.**

Mr. Stewart stated as follows during the direct examination of Mr. Searle, in a colloquy with Attorney Examiner Brown.

Question (by Attorney Examiner BROWN). Well, it would be impossible for a carrier to provide a car that would cut down a foot every time you come to a town. If the figures were made up on any kind of an authorization of that kind, they are not justified.

Mr. STEWART. Mr. Examiner, the justification of that is found in the fact that this car is run in the consist of the train, and these authorizations are never made excepting when it is found in the consist of a train. It does not require the company to put in a foot more space than it would run otherwise.

Attorney Examiner BROWN. Exactly, but it has to haul that car.

Mr. STEWART. It has to haul that car, and this is the measure of the service rendered. If the authorization is not made, the company would haul the car anyhow.

Attorney Examiner BROWN. Well, that is an element that might be taken into consideration. If they had no mail to carry at all, they would have that car on that train; is that the point you make?

Mr. STEWART. They would have the rest of the car. They have a 30-foot regular authorization in that car. The rest of that car is run, anyhow. What consideration should be given the company for running that additional 30-foot might well be taken up, but here is 30-foot extra in that car, for which the company claims they have no use, but would run. Now, the department believes that they want so many feet of space from point to point in the additional space of the car, and they authorize it. The company would run it anyhow. The department authorizes it and pays for as much as they occupy. I think there should be some consideration on both sides of the question.

Attorney Examiner BROWN. Undoubtedly. (R. 2068, 2069.)

**AUTHORIZATIONS ARE MADE ONLY FOR THE DISTANCE
MAILS ARE REQUIRED TO BE CARRIED.**

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). So that the amount of the space authorized for emergency deliveries may fluctuate en route independently of division points?

Answer. Yes. For instance, it will close where the mail goes out. If leaving Omaha, we need an additional 60-foot car on the Union Pacific to Cheyenne, it closes. If we need an additional 3-foot on a train that has space in a baggage car, and it goes off at an intermediate point, when the space is vacant the emergency authorization ceases. (R. 243.)

COUNT OF SACKS AND PRACTICABLE ALTERNATIVE.

COUNT OF SACKS.

Mr. STONE testified on re-cross examination as follows:

Question (by Mr. WOOD). But it is a fact that in mixed cars the railroad company is not paid according to the space, but is paid according to the count of sacks, is it not? * * *

The WITNESS. In the smaller units, it would be determined on the count, but if half a car or more were needed, it would be determined on the space, the linear feet.

Question (by Mr. Wood). How do you determine whether a half car or more is needed?

Answer. Well, our men can generally estimate approximately whether half a car would be needed to hold a certain quantity of mail. If necessary, they could pile the mail and measure it once to ascertain what the regular authorization should be.

Question. Well, he guesses at it, doesn't he, if he thinks it requires a half a car or more to authorize 30 feet without count, and if he does not think it requires 30 feet, then he has the packages counted, and then he assumes that so many packages will go in so many feet of space, and on that basis he gets the average; is not that so?

Answer. No; he exercises his judgment. He uses different factors. He might use the number of bags as one factor. Another one would be where it would be half full, quarter full, or a full section, and the man handling that can get rather expert in determining whether a half car would be needed for handling that mail regularly.

Question. And neither one has any relation to the actual space occupied?

Answer. As soon as the mail is put into a car, if piled in a half car, he can determine whether a half car is full or less than full. (R. 397, 398.)

IT IS ENTIRELY PRACTICABLE FOR RAILROADS TO SET ASIDE CERTAIN SPACE IN BAGGAGE CARS FOR THE MAILS IF THEY CHOSE SO TO DO AND DISCONTINUE ALL COUNTS OF SACKS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Gaines, you heard the testimony of Mr. Mack with special reference to the service in your section, also the testimony of Mr. Searle?

Answer. Yes, sir.

Question. You heard also the testimony of the other railroad witnesses on other subjects?

Answer. I did.

Question. I will ask you what you have to say with reference to their contentions that it is impracticable to set aside certain space in baggage cars for the use of the mails in fulfillment of the smaller authorizations of units?

Answer. I believe it is entirely practicable to do that and discontinue the count of bags. I am not advocating it because it seems to me that it would take up space in the baggage cars permanently or, at least, during the term of the unit authorization, which we frequently do not need, and which the railroad company can use. I

believe it would be entirely practicable to have the space basis administered on a measurement and not on count of bags. (R. 3229.)

And again:

Question. Mr. Gaines, there has been a great deal said about count of sacks as the basis for authorizations. You have heretofore expressed some views about the necessity of such a count. Will you state particularly what you think in regard to that?

Answer. In answer to the specific claim the department has not committed itself to the space basis and had to resort to the count of sacks, will say that in my judgment there is no Railway Mail Service reason for counting the mail instead of measuring it in accordance with the space occupied. It is believed that all of the authorized units could be measured. In case of 3-foot units, there is no necessity for using any additional floor space if the baggage cars are used to their capacity for baggage and express. The few pieces usually carried in a 3-foot unit, and which, of course, does not average anything like 45 pieces, can be placed on top of the baggage and express for delivery at the stations at which baggage and express is to be dispatched. * * *

Question (by Attorney Examiner BROWN). Well, now, here that seems to be against your argument. You say you don't think there is any necessity for the count. Now, you say in the small unit in the mixed car those bags may be placed indiscriminately on top of the baggage and on top of the express.

Answer. Yes; I say that that is what is being done now.

Question. Yes.

Answer. That arrangement I consider for the convenience of the railroad company.

Question. But that would not obviate the count, would it?

Answer. It could be handled, in my judgment, in 3 feet of space, if 3 feet of space was segregated by the use of movable stanchions, making bins 3 feet wide on each side of the car, which 3 feet on each side of the car would accommodate an average of 45 sacks. But the point I was trying to make was that as a rule that 3-foot unit does not, on the average, represent anything like 45 sacks in the car at one time, and that as a rule it would be entirely practicable to put this small amount of mail in 3 feet of space, 3 feet of linear space on each side of the car, and that there would not be this very great effort necessary on the part of train baggagemen or anyone else handling to assort that and put it off at the stations ad-

dressed. I, of course, know that there are exceptions to that rule; but I don't think that the very extreme cases should be considered anything like the average normal condition under which the 3-foot unit is carried. (R. 3252-3254.)

PRACTICABLE TO MEASURE SPACE UNITS IN BAGGAGE CARS BY USE OF MOVABLE STANCHIONS.

Mr. GAINES testified on direct examination as follows:

Question (by Attorney Examiner BROWN.) Now, it occurs to me there at that point, that speaking of what the carriers say is the necessary distribution of the mails in the baggage car—I think it was Mr. Brauer who testified that he did not believe that it was necessary to scatter the mail over the car, that stanchions could be built, or bins, or whatever you might call them, in the end of the car, say, in 7 feet or 15 feet which was authorized in the baggage car, and that the mails might be handled in that way. Now, supposing the carrier puts in the bins and stanchions in the car to conserve to the department the space that is necessary to transport the mail for two-thirds of the route, Mr. Brauer's plan would rather emphasize the proposition that is presented here by the carriers, that there they have the space set aside for the Post Office Department, would it not?

Answer. No; the proposition was to use removable stanchions; have sockets and stanchions that could be placed in position or removed. In fact, that is the arrangement that is in force, and has been for a long time, in connection with storage mail cars. The stanchions are removable, very easily removable. It is just a question of putting them in the sockets. I mentioned that as a possibility at the time of the first hearing. I do not see anything impracticable about the proposition.

Question. That is to say, when the authorization stopped, then you would remove the stanchions and make the car available for baggage or express?

Answer. That would be practicable, although I am not advocating that; but it is simply an answer to the statement of the railroad people that we are on the count and not on the space basis. I believe the present method is to the advantage of the railroad companies, and that putting the stanchions in would be a very great inconvenience to them in some trains. We frequently do not use all of the space that we have authorized for the mail, and that is available, as I stated before, for any railroad company's use, when we do not have it in use for handling the mail. (R. 3275-3277.)

**DESIRABILITY AND PRACTICABILITY OF ELIMINATING
COUNT OF SACKS IN DETERMINATION OF SPACE
UNITS.**

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, if some plan could be devised which would do approximate justice to the railroads and to the department, whereby the count in these cars that you have referred to could be eliminated, it would be a very desirable thing?

Answer. It certainly would, Mr. Stewart.

Question. Have you given any consideration to whether or not it may be practicable to do that?

Answer. I have thought of it to a certain extent, and I believe that the counting of mail in relation to oversize cars, undersize cars, and to storage and closed-pouch units can be done away with, in the last two instances, providing the company can see its way clear to set aside a certain amount of space in the cars in which these units may be performed. (R. 3225, 3226.)

**COUNT OF SACKS IN SMALL UNITS MUST BE CONTINUED
UNLESS THE CARS ARE STANCHIONED.**

Mr. BRAUER testified on direct examination as follows:

Attorney Examiner BROWN. Well, apparently, under the space system, there is no feasible and practical way of avoiding a count—that is, I mean, on these small units?

The WITNESS. In those small units, unless it (the car) was stanchioned off, I think the count would continue, unless they saw fit to do it. They know that in this baggage car, and in practically all of the baggage cars on this run, they are expected to furnish 3 feet on each side of the car, and 7 feet on each side of the car, for the mail, and they do have these swinging stanchions in a good many storage cars. They swing up and are out of the way. If the mail does not occupy the space, they put the baggage in it. That would get away from the count, until it came to the emergency unit. Now, the emergency unit is a very, very small percentage. (R. 3398, 3399.)

**TROUBLES IN CONNECTION WITH COUNT OF MAIL SACKS
GREATLY MAGNIFIED; COUNT COULD BE ELIMI-
NATED AND SPACE BASIS CONTINUE.**

Mr. KNOX testified on re-cross examination as follows:

Question (by Attorney Examiner BROWN). Now, on your space basis there has been a good deal of controversy here over the question of how much space was really occupied, that depending upon a count, I believe. There has been a

lot of testimony here about the count, and the count varies all the way, some fellow testified, to a variance of 180 sacks. Do you see much of that in your division?

Answer. There is a considerable amount of mails in all divisions that we have to count under the present practice. We have to count mails into these oversize cars in order that we may know when we have filled an authorization. For instance, if we have a 30-foot apartment authorization and the company runs a 60-foot oversize car, the only means we have of knowing—that is, the only sure means—that we are not putting mails in there without paying the company for them, is to count into that oversize car the number of bags. If we did not count we would be carrying mail without paying the company for it at times when there was excess mail.

Question. In this controversy as between men, as between individuals who do the counting, you are continually in trouble now to determine the amount of space, are you not?

Answer. The trouble has been greatly magnified, Mr. Examiner, I think. We have not had so much trouble. True, there are letters and correspondence in relation to it. I think possibly the counting feature can be eliminated and still the space system go right along. (R. 3212, 3213.)

DISPUTES OVER COUNT OF SACKS NOT A SERIOUS MATTER.

Mr. BRAUER testified on direct examination as follows:

Question (by Attorney Examiner BROWN). There has been some evidence here, considerable evidence, about disputes that arise over the count. In your experience, is that a very serious matter?

Answer. No.

Question. It is not?

Answer. No; I don't believe I have had a letter on it—I don't remember when. (R. 3397.)

DIFFERENCES IN EMERGENCY SPACE CLAIMS OF RAILROADS AND ALLOWANCES AS MADE BY DEPARTMENT DUE TO DIFFERENCE IN METHOD OF ASCERTAINMENT.

Mr. GAINES testified during the direct examination of Mr. Mack as follows:

Mr. GAINES. * * * I have seen both ends of that car partially in use for baggage and express, when we were paying for it as a mail proposition, and that is the case wherever there is space in a baggage car and the railroad

company uses part of that space for baggage and express. They use our authorized space whenever they need it, and sometimes they use it when we need it, and we have a good deal of correspondence along those lines.

Mr. WOOD. This 30 feet, you don't think there is any room for controversy as to whether there is or is not an excess of bags in that car?

Mr. GAINES. * * * The railroad company's employees are not conversant with the rules, and they are counting and we are measuring. That is where it comes in. It is perfectly plain. And that will explain the discrepancies. I have endeavored to get these differences reconciled at their source and I have not succeeded in getting that through. The railroad people, I suppose, have their own reasons for not wanting it done, but so far have not been able to accomplish that. (R. 1888.)

BAGGAGEMEN ON MISSOURI PACIFIC LINES ARE NOT ACQUAINTED WITH THE RULES GOVERNING THE SPACE BASIS AND DO NOT KNOW WHAT THE AUTHORIZATIONS ARE IN THE TRAINS.

During the direct testimony of Mr. Mack, Mr. GAINES testified as follows on the above point:

Mr. GAINES. There is a 30-foot baggage car unit there, Mr. Examiner, and the space is determined by measurement. We measure 30 feet of space. The baggagemen on the Missouri Pacific, Texas & Pacific, and Iron Mountain do not know, have never been acquainted with, the rules governing the space basis, and they do not know what the authorizations are in the train. (R. 1880.)

IF THE COMMISSION FOUND THAT IT WAS PROPER TO MEASURE THE SPACE, IT WOULD PROBABLY ELIMINATE ALL CONTROVERSY.

Mr. SEARLE, manager mail traffic, Rock Island lines, testified on re-cross examination as follows:

Question (by Mr. STEWART). * * * I am asking now if the commission should find that it was a proper way to measure this service, wouldn't that be practicable?

Answer. If the commission found that was the proper way to do it, I should be very glad to conform to any rules that the commission laid down in that respect.

Question. And that would eliminate all this controversy and difficulty over the emergency?

Answer. I have no doubt that would be the feeling or idea in the minds of the commission—to eliminate all controversy. That is what we hope. (R. 2145, 2146.)

CARS FOR RAILWAY POST OFFICE PURPOSES.

SAME UNDER WEIGHT AND SPACE SYSTEM.

THE RAILROADS OPERATED THE MAIL CARS UNDER THE SPACE BASIS SYSTEM THE SAME AS THEY DID UNDER THE WEIGHT BASIS SYSTEM.

The following discussion occurred in connection with the question as to what considerations were given to previous car conditions when the space basis was inaugurated:

Mr. WOOD. We understand it to be the position of the Post Office Department, developed by their witnesses here, that no consideration should be given to that matter.

Mr. STEWART. Counsel does not state the matter correctly. The position of the department is that under the operation of this statute the Government can ask for the space it needs for the purpose of transportation of mails. If it needs a 60-foot car a requisition is made for that, and it is furnished. If it needs a 30-foot apartment in a car, it makes requisition, and it is furnished. The same way with a 15-foot car. Under the weight basis system, these companies had cars of all dimensions below 60-foot cars. Some of them had 40-foot cars, many of them 30, 25, 22, 15, and 12 foot apartments in cars. A large number, equal to the needs of the service under the weight system, as the trains were operated by the companies for their own convenience, and when the system was changed and shifted to space, the conditions continued in the same manner and there were no hardships placed upon the companies. There were certain statutes requiring the construction of cars in accordance with the provisions of the Postmaster General's plans, the companies were changing cars which were then in operation and had been in operation for many years which did not comply with even the requests of the department under the weight basis, but which these railroads continued to operate to suit their own convenience. Those changes, as shown by the exhibit submitted by the department, continued to be made after the space basis became established. They were made in practically no greater ratio afterwards than they were made before. The exhibit shows that the same condition that existed under the weight basis was continued under the space basis, and if there was any hardship imposed upon the companies under the space basis they had been willingly accepting it and fostering it and agreeing to it under the weight basis. There was no change in regard to that.

Mr. WOOD. I assume, of course, that what counsel has said is not a part of the testimony in the case and will not

be so regarded. My statement of our understanding of the position of the Post Office Department was based largely upon the testimony of the department witnesses. That testimony can not be changed by counsel, except by the production of other witnesses.

Mr. STEWART. I am willing that it should not be regarded as testimony any more than the statement of Mr. Wood should be regarded as testimony. It is a fact, however. I suppose that is what you are after.

Attorney Examiner BROWN. Sure. We want to get at the facts, and I assume that counsel on both sides, when they make statements here, are making statements of fact.

Mr. WOOD. Mr. Stewart may be mistaken in the fact. My statement was based on the record.

Attorney Examiner BROWN. Yes; I so understood.

Mr. STEWART. So did I, and I referred to the exhibit that evidences it.

Attorney Examiner BROWN. That is to say that when the Government ordered the change from the weight basis to the space basis in November, when it was done, transportation conditions, so far as the carriers are concerned, were unchanged; that is, they went right along.

Mr. STEWART. Yes. (R. 1070-1072.)

THE RAILROADS OPERATED OVERSIZE CARS UNDER WEIGHT BASIS SYSTEM.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Mr. KNOX, was it the general custom, under the weight system, for railroad companies to furnish and run oversized distribution cars in lieu of requests and authorizations for lesser size units, and will you please state in detail your information upon that subject?

Answer. The operation by railroad companies of distributing cars larger than those required by the department did not begin with the introduction of the space basis, as the trend of testimony of railroad witnesses would seem to indicate. Distributing cars of 40-foot, 50-foot, and 60-foot linear measurement were authorized and paid for by the department in addition to the weight of the mails on any route under the old weight basis system of pay. Several sizes of apartment cars were requested by the department under the old law, but were not paid for.

Question. Paid for specifically?

Answer. Not paid for specifically. At one time it was customary to request railroads to operate in any train not requiring full cars for distribution purposes the following sizes in distributing apartments: 8-foot, 10-foot, 12-foot, 15-foot, 20-foot, and 25-foot. The authorization for full

distributing cars and the requests for distributing apartments were based upon the handling working mails to be distributed, both letters and papers. Consideration was also given to furnishing space for first-class and registered mails. Numerous instances can be cited to show that railroad companies ran oversize 60-foot distributing cars in satisfaction of 40-foot and 50-foot distributing car authorizations long before the space basis was placed into operation. By referring to division schedules of mail trains prior to November 1, 1916, hundreds of instances of apartment cars operated in excess of the size requested, and scores of instances of oversize distributing cars operated can be cited. As an example, first division schedule of mail trains, No. 192, dated January 15, 1916, furnishes the following information under the schedule of Alburg & Albany railway post office: Trains 64-865 and 864-65, 30-foot apartments, 25-foot apartments required; trains 54-9 and 32-59, 26-foot apartments, 20-foot required. Also the same schedule, showing trains operated on the Beecher Falls & Lancaster railway post office furnishes the following information: Train 225, 22-foot apartment, 15-foot required; trains 160 and 161, 30-foot apartments, 15-foot required; train 378, 28-foot apartment, 15-foot required.

Saint Albans & Boston railway post office: Trains 8-64-68 and 55-5, one 40-foot line, 60-foot and 41-foot provided; trains 6-54 and 71-1, one 40-foot line, 60-foot provided; trains 72 and 59, 30-foot apartment, 15-foot required; trains 75 and 60-210, 17-foot apartment, 15-foot required.

Referring to the thirteenth division schedule of mail trains, No. 48, dated February 5, 1916, the following is shown under schedule of trains for Portland & Ashland, Oregon, railway post office: Train 11, one 50-foot letter car; train 13, one 40-foot letter car; train 12, one 40-foot letter car; train 16, one 50-foot letter car—all cars furnished are 60 feet in length.

Also the following under schedule of mail trains for the Pocatello & Portland railway post office: Train 5, one 50-foot and one 40-foot letter car, Pocatello to Portland; train 18, one 40-foot letter car, Portland to Pocatello; train 4, one 50-foot letter car, Portland to Pocatello—all cars furnished are 60 feet in length. Trains 17 and 6, 30-foot apartment cars (company furnishes 60-foot cars).

Question. Now, when you said the cars furnished are 60 feet in length, you meant that they were at the time the schedules were issued under the weight system?

Answer. They were furnished at that time; yes.

Question. Yes.

Answer. Those are the actual cars operated by the company in satisfaction of these authorizations and requests. Under the schedule of mail trains for the Spokane, Pasco & Seattle railway post office, the following authorizations appear: Trains 41-416 and 437-318, 60-foot cars, 30-foot apartments needed.

Question. Now, were they furnished by railroad companies voluntarily, so far as the department was concerned?

Answer. There were no requests made on the part of any representative of the department for any distributing unit in excess of that indicated in the schedule as being required or authorized. * * *

Question (by Mr. STEWART). Do you know, Mr. Knox, whether or not it has been the custom of the railroad companies to furnish for operating purposes such cars in excess of the requests without any specific requirement by the department?

Answer. Yes; that is true.

* * * * *

Question (by Mr. STEWART). Mr. Knox, have you made any further investigation along this line, and if so, can you give us the general results without entering into the details?

Answer. A summary of the cars operated and cars requested and authorized in the thirteenth division in September, 1916, shows that 87 lines were authorized or in service in the thirteenth division, and on 57 of these lines oversized cars were operated by the companies.

Question (by Attorney Examiner BROWN). When was that?

Answer. September, 1916, one month before the space basis went into effect. In the fourteenth division, the same month, there were operated a total of 94 railway post-office lines. On these lines the railway companies operated oversized cars in 81 of the 94 lines, leaving but 13 lines in which the cars requested and authorized by the department were furnished.

Question. Well, you count in that all apartment cars over 15 feet, do you not, where the department has ordered 15-foot cars, and there was anything else furnished, or 30 feet or any other kind?

Answer. I got down to the smallest unit requested in those days, which was 8 feet.

Question. Eight feet?

Answer. And in a few instances it was 6 feet in a part-width apartment in a car.

In the fourteenth division at this time the excess space amounted to 1,062 linear feet each day one way in the 81 lines.

In the second division, the same month, there were 112 lines in which the oversized cars were operated. I do not know how many lines there were in the second division; probably 150.

In the tenth division, in the same month, in the 132 lines operated, the companies furnished excess space amounting to 2,486 linear feet each day for the one-way movement.

In the fifteenth division 31 lines had oversized cars and apartments, involving 840 linear feet each day. The fifteenth division shows that there were thirty-six 70-foot cars operated to fill 60-foot distributing-car authorizations, fifteen 70-foot cars operated to fill 50-foot distributing authorizations, fifteen 70-foot cars operated to fill 40-foot authorizations, two lines of 50-foot cars run to satisfy 30-foot apartment requests.

The same information in relation to the twelfth division shows practically the same results.

In the third division, for September, 1916, as compared with October, 1916, the total number of railway post-office trains in the third division was 406. Of these, 138 trains had the same railway post-office and apartment-car authorizations under the space basis in October as under the weight basis in September, or a total of 34 per cent.

Question (by Mr. STEWART). You mean November, instead of October?

Answer. I should say November; yes. There were 201 lines in the third division in which the larger apartments and distributing cars were authorized in November under the space basis than were authorized and requested the previous month under the weight basis, or a total of 49.5 per cent.

Question (by Mr. WOOD). What division was that?

Answer. The third division. There were 67 lines in which reductions in the authorizations were made from those previously furnished, in November, as against October, making a total of 16.5 per cent.

Question (by Mr. STEWART). Now, Mr. KNOX, does this indicate that the instances which you have mentioned were fairly representative of the conditions throughout the service as a whole prior to the installation of the space basis and for some years before that?

Answer. Yes, sir. These instances that I have mentioned are typical and representative of conditions throughout the service in 1916 prior to the installation of the space basis and for many years previous. They show that unused and unauthorized space was constantly operated

without request and that no compensation whatever was paid for same, and those familiar with the service at that time know that comparatively little use was made by this space on the part of the department. The fact that the mails were paid for at a certain sum per annum for each route based on a weighing once in four years does not alter the fact that this unused, unnecessary space was operated by railroad companies without request from the department, and that the only possible use of the same was to place therein a small portion of storage mail. (R. 3038-3046.)

OVERSIZE AND UNDERSIZE CARS IN USE WHEN SPACE-BASIS SYSTEM WENT INTO EFFECT WERE THE SAME CARS USED UNDER WEIGHT-BASIS SYSTEM.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). But at any rate, as I understood yesterday, these cars, oversize and undersize, as related to the present space authorizations, are the cars that were there when the space basis went into effect, and they are the cars that are there now. That is true?

Answer. They are the cars that were there when the space basis went into effect, and with the exception of those cars that have been remodeled during this period they are the same cars that are in use now, and, I might say, there are some new cars that have been furnished by several companies. (R. 3090.)

UNDER WEIGHT-BASIS SYSTEM RAILROADS BUILT OVERSIZE CARS AND OPERATED THEM ON LINES WHERE NEEDS OF SERVICE DID NOT REQUIRE THEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Gaines, there has been considerable said in regard to the practice under the weight system of furnishing cars in greater size than those asked for by the Railway Mail Service to fill the needs of the department. What are the facts with reference to your division, just briefly stated?

Answer. That is, in regard to the oversize cars?

Question. That is, in regard to what are now called oversize cars, where the department asks for cars of a desired length, and the practice of the railroad was to furnish cars of greater length.

Answer. Yes. I understand. The railroad companies built cars and were using them on a very large number of lines in excess of the needs of the service under the weight basis and in excess of our requests for space.

An examination of the schedule of mail trains for the eleventh division for September, 1916, the last schedule published under the weight basis, shows that at that time there were 114 railway post-office lines in the division, and that on 184 trains operated over 83 of the 114 railway post offices, the cars furnished by the railroad companies were larger than needed, and that in each case the railroad company furnishing the oversize car had been put on notice as to the size of car which would be ample to meet the needs of the service. The size of the car required was published right in our schedule of mail trains. The excess space ranged from 2 to 30 linear feet per car. Seven lines of full railway post-office cars were being used in the division in lieu of apartment cars. The total number of cars needed on lines where the excess space was furnished by the railroad company was 2,668 linear feet per day. The total needed and asked for was 1,718 linear feet per day. This does not include cases where there were 40-foot railway post-office car authorizations, and 60-foot full railway post-office cars were furnished by the railroad companies upon the request for 40 feet. It was the general practice, almost, for the railroad companies to furnish 60-foot railway post-office cars where 40 feet were authorized and paid for, and the exceptions to the rule were few.

The Southern Pacific had some 40-foot cars exclusively for mail, and the St. Louis & San Francisco, and possibly a few other lines, had 40-foot mail and 30-foot baggage cars.

In view of these facts, it seems certain that the policy of the companies was to build cars in excess of the needs, possibly with the thought that there would be more mail carried therein and handled by postal clerks, instead of being put in the baggage cars, and, I suppose, possibly, to provide for the future growth of the service. At any rate, that was the state of affairs. (R. 3277-3279.)

CARS IN USE WHEN SPACE-BASIS SYSTEM WAS INAUGURATED WERE THE SAME AS USED UNDER THE WEIGHT-BASIS SYSTEM, AND RAILROADS HAVE NOT MADE CHANGES THEREIN EXCEPT WHEN SHOPPED.

Mr. MACK, Mail Traffic Manager, Missouri Pacific System, testified on cross-examination as follows:

The REPORTER (reading):

Question (by Mr. Stewart). Now, coming back to my original question * * * and I think you did answer, that those cars with which the service on the space basis was inaugurated were the cars that were in existence at the time?

Answer. I think so; yes, sir.

Question. And that there has been no effort to change them in the meantime excepting as might have been made under normal conditions?

* * * * *

Answer. I don't know that there has been any change made in the cars. There were probably some here and there. Of course, with regard to the mail cars there are always some changes as the cars are shopped and the department is always urging changes in the cars, strengthening them and improving them, and we improve them by improved lights and improved heat and improved ventilation and all those things. That is part of the growth, the natural growth of the service. (R. 2010, 2011.)

APARTMENT AND FULL POSTAL CARS UNDER SPACE-BASIS SYSTEM SAME AS IN USE UNDER WEIGHT-BASIS SYSTEM.

Mr. SEARLE testified on direct examination as follows:

Question (by Mr. Wood). Before the adoption of the space basis, I assume that you had in operation on your lines and in your possession various types of full railway post-office and apartment cars, had you not?

Answer. Yes, sir.

Question. Were those cars cars that had been provided to take care of the requirements of the mail service as it had been previously conducted?

Answer. Yes, sir; the same cars. (R. 2029.)

CARS BUILT BY COMPANIES UNDER THE WEIGHT-BASIS SYSTEM BEYOND THE NEEDS EXPRESSED BY THE DEPARTMENT AT THAT TIME.

Mr. MACK testified on cross-examination as follows:

Question (by Mr. Stewart). Now, referring to these cars which have been described in this hearing, of these various lengths, is it not true that many of them were built by the companies beyond the needs expressed by the department at the time, but in anticipation of growth in the service?

Answer. Well, I think I answered that by showing the development of those cars and the development of the Postal Service and the development of distribution in those cars as fully yesterday as it could be made; that is to say, there was cooperation, consistently, from the beginning of the Postal Service, and that those cars were the outgrowth of that cooperation and understanding. The railway postal clerks were generally wanting larger cars, wanting improvements in the cars. The department itself was asking for better cars and improvements in the cars. * * * (R. 2013, 2014.)

THE RAILROADS HAVE GENERALLY BUILT 30-FOOT APARTMENT AND 60-FOOT RAILWAY POST-OFFICE CARS.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. Wood.) So it is safe to say that most of these 2,653 15-foot authorizations are operated in cars in excess of 15 feet?

Answer. I don't know whether it is safe to say that or not. I don't know how many have been changed.

Question. Well, you just said that very few companies had any 15-foot cars.

Answer. Well, that is a fact. The policy of the railroads was to build 30's and 60's. They operated the 30's and 15's without any authorizations. They operated 60's without any authorizations, depending upon the growth of the service. Some day it would grow up to the needs of a 60-foot car. There were very few 40-foot cars, and if there are any 50-foot cars I don't know where they are.
* * * (R. 3444.)

VARYING SIZES OF RAILWAY POST-OFFICE CARS ON THE BALTIMORE & OHIO RAILROAD.

Mr. McCANAN, Manager Mail Traffic, Baltimore & Ohio R. R. Co., testified on cross-examination as follows:

Let me give you the Baltimore & Ohio equipment as the result of our experience in mail service. We have 1 car from 9 feet to 9 feet 11 inches; we have 1 car 15 feet to 15 feet 11 inches; we have 2 cars 16 feet to 16 feet 11 inches; 3 cars, 17 feet to 17 feet 11 inches; 1 car, 18 feet to 18 feet 11 inches; 2 cars, 19 feet to 19 feet 11 inches; 1 car, 20 feet to 20 feet 11 inches; 4 cars, 21 feet to 21 feet 11 inches; 2 cars, 24 feet to 24 feet 11 inches; 19 cars, 25 feet to 25 feet 11 inches; 2 cars, 26 feet to 26 feet 11 inches; 8 cars, 29 feet to 29 feet 11 inches; 27 cars, 30 feet to 30 feet 11 inches; 2 cars, 31 feet to 31 feet 11 inches; and 1 car, 32 feet to 32 feet 11 inches.

Now, Mr. Stewart, I present that to show the conglomeration of mail apartment equipment that is on our hands as the result of the mail service. We have to use these excess cars on these runs, no matter what basis you put in.

Mr. STEWART. That is very true, and it is a very eloquent argument in favor of these definite and specific units which are provided for by statute and which were contemplated as the basis for this ascertainment of cost and pay. (R. 2510, 2511.)

OVERSIZE CARS A DISADVANTAGE TO THE MAIL SERVICE; EXCESS NOT USED FOR DISTRIBUTION PURPOSES.

OVERSIZE CARS SERIOUSLY HAMPER WORK OF CLERKS AND RETARD DISTRIBUTION OF MAILS.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Now, it sometimes happens that what have been called oversized cars are furnished by the railroad company in satisfaction of an authorization of lesser length. What have you to say in regard to these oversized distributing cars and apartments in cars now operated by companies on many lines, as to whether they are advantageous to the work of the clerks employed in the distributing space authorized?

Answer. Oversized distributing cars and apartments now operated by the railroad companies on many lines throughout the several divisions seriously hamper the work of clerks employed in these distributing cars and retard the prompt distribution of mails. Thus, a 60-foot railway post-office car run for the convenience of a railroad company in satisfaction of a 30-foot apartment authorization, in which one clerk is employed, for instance, greatly increases the work of that clerk. This is because of the excess, unnecessary distributing furniture and equipment in the car, which makes it inconvenient for him to perform the work assigned to him, in addition to which inconvenience, the clerk in cases of this nature is generally called upon to handle storage mails under baggage-car or storage authorizations in the oversize mail car, which mail, if the proper 30-foot apartment were run as authorized, would be handled by the baggageman in some other portion of the train.

Question. It would appear from what you have said that, in addition to the inconvenience to the clerks which you have mentioned when storage mails under baggage-car or storage authorizations are carried in oversize cars, the railway postal clerks must handle such mails instead of the baggageman, who would handle them if carried in the other portion of the train, thus relieving the railroad employees of a large amount of work which they would probably be required to do. Is that correct?

Answer. Yes, sir. (R. 3033, 3034.)

EXCESS DISTRIBUTING FACILITIES IN OVERSIZE CARS NOT USED BY POSTAL CLERKS.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). What have you to say with reference to the testimony of various railroad wit-

nesses to the effect that railway postal clerks use excess distributing facilities in oversize cars?

Answer. The excess distributing facilities in oversize cars are not used by railway postal clerks, as has been stated by witnesses for the railroad companies. If a 30-foot apartment operates in a train carrying 15-foot authorization, all letter pigeonholes in excess of 156 and all paper rack separations and boxes in excess of 46 are unused. The rack not used is placed in a nonuse position, and this portion of the rack space is made available for the carrying of any storage mails that may be due to be handled in the train. No such use can be made of the overhead paper racks and pigeonhole separations, and these separations remain in the car without use to the department.

Question. That is, with reference to the distributing facilities in those cars?

Answer. Yes, sir. (R. 3034, 3035).

EXCESS SPACE IN OVERSIZE CARS USED MORE ADVANTAGEOUSLY FOR RAILROADS UNDER THE SPACE-BASIS SYSTEM THAN UNDER WEIGHT-BASIS SYSTEM.

EXCESS SPACE IN OVERSIZE CARS UNDER WEIGHT-BASIS SYSTEM NOT USED TO ADVANTAGE OF RAILROADS OR DEPARTMENT.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Prior to November 1, 1916, when the space basis went into effect, was this excess space in oversize cars which you have been describing used to the advantage of either the railroads or the department?

Answer. I don't believe that it was. (R. 3046.)

EXCESS SPACE IN OVERSIZE CARS UNDER SPACE-BASIS SYSTEM USED TO MUTUAL ADVANTAGE OF RAILROADS AND DEPARTMENT TO HANDLE MAILS FORMERLY HANDLED IN BAGGAGE CARS.

Mr. KNOX testified on direct examination, as follows:

Question (by Mr. STEWART). And what change, if any, occurred in this respect after the space basis became effective?

Answer. Excess space in oversize cars, prior to November 1, 1916, was not used to any appreciable extent for the carrying of storage mail, whereas now this excess space, if furnished by companies in oversize cars, is used to the limit of the capacity of the car, provided the railroad company

does not expressly request that the mails be carried in the baggage car. The present practice is of mutual advantage to both the department and the railroad companies, as the former makes a saving on the terminal charge authorized on the storage units thus carried in the oversize car and the latter is relieved of handling this storage mail in question en route and to a great extent at terminals.

Question. Right there, Mr. Knox, do you refer to the handling of the mails to which I called your attention, I think, in the early part of your examination, which is made by the postal clerks, and when the mails are carried in the excess space in oversize cars, and which would otherwise be done by the railroad employees if they were carried in the baggage car?

Answer. Those are the mails that I refer to; yes, sir.

* * * * *

Under the weight basis the excess space was not so used, as I have before stated. As an example, the two 60-foot distributing cars operated in Pocatello and Portland train 5 contained, prior to November 1, 1916, but little storage mail. Two full storage cars were operated in the train in addition to these two full size distributing cars, making four cars exclusively devoted to the mails in the train in question. Now, these two distributing cars were operated in satisfaction of a 50-foot and a 40-foot car authorization.

At present, the excess space over the distributing needs in the same train is filled to capacity, reducing the consist of the train to three cars, under the following authorizations: One 60-foot distributing car, one 60-foot storage car, one 30-foot apartment car, the latter authorization being satisfied by the operation of an oversize distributing car. (R. 3046-3048.)

RAILROADS SHOULD STANDARDIZE POSTAL CARS; CONVERTIBLE CARS.

COMPANIES SHOULD MEET PROBLEM OF OVERSIZE CARS BY STANDARDIZING THEIR EQUIPMENT.

Mr. BRAUER testified on cross-examination, as follows:

Question (by Mr. WOOD). Mr. Brauer, your suggestion for the disposition of this oversize car problem is that the carriers ought to change their cars?

* * * * *

Answer. I think so; standardize the car.

Question. That is directly contrary to the representations that were made to Congress when the bill was passed?

Answer. I don't know what representations were made.

Question. At any rate you are speaking for the Post Office Department in taking that attitude now? You are speaking with authority?

Answer. We have been after standard cars for a good many years.

Question. I am not speaking of standard cars. I am speaking of changing from the 30-foot down to the 15, both of which are standard. In saying that that is the proper remedy for the oversize-car problem, you are speaking authoritatively and stating the position of the Post Office Department now with respect to it?

Answer. I think so. It would be better all around. It would avoid any controversies and give better service. (R. 3572, 3573.)

Mr. BRAUER again testified on cross-examination, as follows:

Question (by Mr. WOOD). * * * Now, my question is this: If we are to be paid on the basis of space furnished and we actually do furnish to you and you use in one direction a 30-foot car, even though the distributing facility in that car may be a few feet more than you require, why wouldn't it be fairer to authorize a 30-foot in both directions instead of squeezing us down to a 15-foot authorization of an apartment car in both directions and storage in one direction only? The car really operates through in both directions on that train.

Answer. Why wouldn't it be proper for the railroad companies to get their cars to standard and have the department pay for those? Otherwise cars never would become standard. And if the department paid for an oversize car whenever such was furnished by the carrier, would we ever have the authorization furnished? (R. 3568, 3569.)

RAILROADS SHOULD REMODEL OVERSIZE AND UNDER-SIZE CARS TO FIT CONDITIONS WHEN PERMANENT PLAN OF PAYMENT IS DECIDED.

Mr. KNOX on cross-examination testified as follows:

Question (by Mr. WOOD). Well, now, then you think that the railroad companies ought to be required to change those cars over?

Answer. I think that when the commission has decided as to the permanent method of payment and procedure that whatever the plan is that is laid down by the commission the companies then should remodel these cars as rapidly as practicable to fit the conditions.

Question. And then when the department needs 30 feet additional distributing facilities the company has cut a 30-foot car down to a 15, then they ought to remodel that car and make it 30? * * * They ought to keep on doing that to conform to what the Post Office Department finds from time to time to be the fluctuating requirements of this distributing?

Answer. From time to time as the country grows we will need more distributing facilities on various lines. If the car is constructed according to the departmental plan or had been remodeled, the extra distributing facilities can be placed in the car at a minimum expense, not very large, and we would not expect the company to do it immediately, but when the cars go into the shop. Meanwhile we will get along with such facilities as they can afford, or as they can furnish us, I will say. (R. 3094, 3095.)

RAILROADS WOULD FIND IT TO THEIR ADVANTAGE TO OPERATE OVERSIZE CARS FOR THEIR OWN PURPOSES.

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Referring to the oversize cars about which you were asked, if the commission should decide to continue a space basis and should prescribe certain sizes of units, do you think the railroads would attempt to conform their cars to those sizes?

Mr. WOOD. Is he qualified to answer that question?

Mr. STEWART. I am asking him this question based upon his experience with the railroads and not as a railroad man. I asked him whether he thinks it is probable the railroads would conform their cars to these units?

Mr. WOOD. I would just as soon he would guess at it.

Answer. I don't think they would.

Question (by Attorney Examiner BROWN). Now, why?

Answer. Based upon the past, they would prefer to construct cars oversize in order that they would be available for increase in the growth of the service.

Question. Don't you think that is a wise precaution?

Answer. I think so. They always have done it.

Question (by Mr. STEWART). So that as a matter of practical operation it would be found that the railroad companies would find it to their advantage to operate oversize cars under those circumstances just as they do now?

Answer. I think it would, yes. They would get the advantage of having the postal clerk handle the storage mail, if there is any. Also that must be borne in mind. (R. 3189, 3190.)

SPECIFIC ADVANTAGES OF THE SPACE-BASIS SYSTEM.

PROVIDES A CERTAIN MANNER OF DETERMINING COMPENSATION; BETTER CONTROL OF DISPATCHES OF MAIL; ELIMINATES EXPENSE OF WEIGHINGS AND TABULATIONS; GIVES BETTER AND CLOSER SUPERVISION AND CONSERVES CAR EQUIPMENT.

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Do you think the space-basis system is practicable and workable?

Answer. I do.

Question. Will you state briefly what you think the main advantages are over the old system?

Answer. The space system provides a certain manner to determine the amount of compensation due a carrying company for mails carried at any time and at all times. No plan other than a weighing day by day would do this, which I consider entirely impracticable. It provides for a better control of the dispatch of mail, as trains will be used now under the space system with consideration as to when mails must arrive at outward terminal and not be sent forward indiscriminately on all trains during the day, as was the practice under the weight system, to the detriment of the railroads carrying same, and with no material advantage to the department. The labor of weighing and tabulating weighings under the old quadrennial system of weighing by a large temporary force is done away with. This is partly offset in the permanent force, to a certain extent, which force, however, is permanent and does not have the limitations of a temporary force which must be employed and discharged from time to time.

The space system also makes necessary a closer supervision and a better knowledge of the mail service on the part of division superintendents, chief clerks, assistant chief clerks, transfer clerks, and railway postal clerks, especially the clerks in charge of cars, all of whom have to have a closer knowledge and a better understanding of the entire mail service than they did before, and to exercise a more careful supervision, especially those who have supervisory capacity.

The space system also provides a conservation of equipment, not so much of equipment as to bags and sacks but the equipment used by railroads. There is released a great many trains from the necessity of carrying mails which were formerly closed-pouch trains carrying mails largely on account of the whims or fancy desires of post-

masters at various places. We do not authorize service in those trains now, but require these postmasters to get together, as it were, and to get their mails on certain trains, on the same trains, provided, of course, you do not injure the service at any place. We also release a number of storage and baggage cars under the space system which may be used by the railroads for other purposes under the space system, which was not true under the weight system. (R. 3192-3194.)

MAILS ARE REQUIRED TO BE CARRIED IN THE LIMIT OF SPACE AUTHORIZED UNDER THE SPACE-BASIS SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Under the space system, is it or is it not required that the mail shall be carried in the limit of space authorized?

Answer. It is.

Question. And does that differ from the practice under the weight system?

Answer. There was a tendency, almost impossible to control, for railway postal clerks to send mail not needed for distribution in their cars to the baggage cars to be carried there, except mail for distribution and for dispatch to local stations. In many instances it was claimed by the clerks that they needed more space in the cars for distributing mail than we find is entirely necessary, and they are required now to load the mail apartment and mail cars to their capacity before requesting any mail to be sent to the baggage cars, excepting in cases where there are definite units provided in baggage cars and found necessary for the handling of the mail. (R. 120, 121.)

GREATER FACILITY OF ADJUSTING REQUIREMENTS OF SERVICE TO THE NEEDS OF THE POSTAL SERVICE UNDER SPACE THAN UNDER THE WEIGHT-BASIS SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Will you state the difference between the practice under the weight system and the space system, with respect to the ability, or, we will say, the facility, in adjusting service which may be needed as it arises, or, rather, adjusting the authorizations to the service as they arise and may be needed?

Answer. Well, on account of the close supervision, we have unquestionably been able to ascertain when any

certain unit of space was not needed, or, at least, to a great extent; we find avenues opening up from time to time where other service can be eliminated without detriment, where there can be consolidations, and, in my judgment, the effect has added to the economy without impairing the efficiency of the service.

Question. Where changes occur in the conditions of railroad service, do you find it easier to adjust the service to those changes under the space system?

Answer. Very much easier. We pay the companies for the service they actually perform. I presume you refer to cases where there are trains withdrawn? Where there are changes in schedules?

Question. Yes; any changes of that kind, where the department has to adjust its service to the railroad service.

Answer. Well, it is much easier to adjust. It adjusts itself almost automatically. If a train is withdrawn from service, the expense of carrying mail on that particular train ceases, and the question of either diverting to other lines or of consolidation on other trains on the same system is a problem before us, and has never been hard of solution, so far. (R. 116, 117.)

BENEFITS OF SERVICE MAY BE MEASURED BY THE COST TO THE DEPARTMENT OF THE SERVICE REQUIRED.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Under the space system the service is authorized with specific pay for specific units of space. I want to ask you whether that is or is not any advantage to the department with respect to the question as to whether the Government is receiving service which is commensurate with the cost of the same.

Answer. I think it is a decided advantage. We can measure the benefit of the service and the cost of that service. We pay the railroad companies for the service they actually perform. When we ask for a car of 30-foot, or of any other size, the company knows exactly what the compensation will be for that service. Another advantage is that the operation of the space basis makes it necessary for close supervision on the part of the officials of the railroad mail service. I believe it is true that there is more supervision given, closer supervision given. The benefits in that direction have been very marked. (R. 111, 112.)

TENDENCY UNDER WEIGHT-BASIS SYSTEM, WHICH DOES NOT EXIST UNDER SPACE-BASIS SYSTEM, TO AUTHORIZE SERVICE WHERE AND WHEN COST OF SAME TO CARRIER WAS NOT CONSIDERED OR FACILITIES WERE UNNECESSARY, RESULTING IN UNECONOMICAL OPERATION.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Was there any tendency under the weight basis which does not exist under the space basis to put definite service on lines where, we will say, it was not needed, or where the cost of the service was not adequately considered with reference to the service rendered to the public?

Answer. There was such a tendency. A railroad company's compensation was neither increased nor decreased according to the amount of service rendered. We could demand that they carry mail upon any train. We could require them to operate an apartment car on a line where the advantage was very slight, where the service might have been performed equally as well, or practically as well and satisfactorily, by closed pouches, because the increase in cost to the department in those cases was not great; in other words, that the measure of service did not represent the difference in cost.

Question. Did this lead to unnecessary or uneconomical authorization of apartment-car service, under the weight system?

Answer. It had a tendency that way. There was no specific charge, as I have already stated, against the department for the operation of apartment cars, cars of 30 feet or less, and it was unquestionably true that there was a considerable amount of service that was not actually necessary for the proper serving of the people.

Question. What effect did that have on the question of the number of railway post-office clerks needed on the lines?

Answer. It increased the number of clerks.

Question. What effect, if any, did it have upon the mail equipment necessary in post offices?

* * * * *

Answer. Well, any additional service would call for more or less additional equipment. I do not know that the effect in the post offices was very marked, as far as additional railway post offices were concerned, but when additional and unnecessary closed-pouch service was placed on trains it had some effect upon the equipment in post offices then.

Question. What was the tendency, so far as the practice was concerned, with reference to establishing closed-pouch exchanges under the weight basis?

Answer. The tendency was extravagance in that direction. Due consideration, I believe, was not always given to the effects to be derived from additional pouch exchanges, although I will say that I have not personal knowledge of some of the unnecessary exchanges to an extent that I understand prevailed elsewhere.

Question. That tendency would be more pronounced in that part of the country where the mail service was more frequent than in the eleventh division?

Answer. It is true that that is the case, that our train service in the eleventh division—the number of trains is not so numerous that there was any very great number of exchanges that were not needed to make the service what it should be. (R. 112–114.)

ONLY SUCH SERVICE AS IS SPECIFICALLY AUTHORIZED IS REQUIRED OF RAILROADS UNDER SPACE-BASIS SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Under the space system is it or is it not true that you require of the railroad companies only such service as is specifically authorized by the department?

Answer. That is true. (R. 110.)

Mr. BRAUER testified on direct examination that Mr. Gaines's testimony with reference to the administration of the space system is substantially true as to his division, as follows:

Question (by Mr. STEWART). You heard the testimony of Mr. Gaines?

Answer. Yes, sir.

Question. Will you state whether or not the testimony which he gave with reference to the administration of the space system is substantially true as to the division over which you are superintendent?

Answer. Yes; outside of, perhaps, a few local conditions. (R. 234.)

UNDER THE SPACE-BASIS SYSTEM, AS DISTINGUISHED FROM THE WEIGHT-BASIS SYSTEM, THE DEPARTMENT GIVES AND THE RAILROADS RECEIVE PAY FOR THE ACTUAL SERVICE RENDERED.

Mr. GAINES testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Well, under the weight basis, you paid for the weight whether it was transported or not, did you not?

Answer. We have, under certain conditions, Mr. Examiner.

Question. You had a weighing at a certain period?

Answer. Yes.

Question. That was the basis for the payment for the next four years?

Answer. Yes.

Question. Now, your mails might increase or they might decrease, and you would be paying the same?

Answer. We were paying the same.

Question. And under the space basis, suppose you had a 30-foot car, how long would it be before you would find out that you were only using 15 feet of it?

Answer. Under the supervision that we now have the time would be very limited indeed. In fact, we can keep such track of the service that a considerable diversion of mail from a line where we were needing 30 feet of space—a considerable diversion which would make it possible to perform that service on that same line with a 15-foot car—would at once attract attention.

Question. Now, on the weight basis, did you not have any supervision?

Answer. We had supervision, but under the weight basis the compensation was fixed for a period of four years, and it made no difference to the department whether that mail was carried on one line or another, so far as the compensation to the companies was concerned. The company carrying the mail at the time of the weighing received payment for the service on the basis of the service performed during the weighing period, regardless of whether the mail increased or decreased over any certain line.

* * * * *

Question. Well, getting down to brass tacks, the carrier is entitled to pay for what it hauls and the Government is entitled to be charged for what the carrier hauls. Now, in your judgment, as the superintendent of this division, does the space basis give to the carrier pay for what it does, and does it give to the Government the service for which it pays?

Answer. It gives to the carrier pay for what it does. As to whether the rate is commensurate or not, I can not say.

Question. No; that is another matter.

Answer. It does give to the carrier pay for the service performed, and the Government gets the benefit of the money expended.

Question (by Mr. STEWART). Now, Mr. Gaines, does this same rule apply to the space in mixed cars as well as in the full apartment cars?

* * * * *

Answer. It does.

Question. And storage mails?

Answer. It does. (R. 127-130.)

SPACE-BASIS SYSTEM PAYS RAILROADS FOR ALL SERVICE PERFORMED BY THEM.

Mr. KNOX testified on re-cross examination as follows:

Question (by Attorney Examiner BROWN). Well, that is a give and take proposition to arrive at justice between all the railroads and the Government. You can not hope, it is impossible, the commission could not do it, and all the men you could get together on any one proposition could not do it, and it would be exactly right to a gnat's heel with respect to every railroad in the country, considering the length of the hauls and all the manner and methods of handling. Now ideally, of course, the proposition is if you can find out some way and somehow, that the railroads shall get paid on the weight they haul, you have got the thing down to the proper basis. That is the ideal situation. Now, remembering that it is up to the commission to determine what this shall be for the future, whether it shall be weight or space, you, as a practical man, are here, I assume, trying to help the commission to reach what is a proper conclusion, and you have evidenced some of the objections to the weight basis on your theory, that the weight can not be ascertained with accuracy. Let us assume that for the purpose of the argument—that you can not do it; and from month to month and from year to year. You could not have weighings, you could not weigh every piece of mail that went on the train as you do freight, therefore you have got to have some way of getting the estimate of the weight. You say that is out of the question. Now, let us turn to the space basis. Are there any objections to that on the same ground, that the carriers are required necessarily to perform a service for

which they would get no pay? Now, offset one against the other, and where do you come out?

Answer. I don't believe that the carriers, under a space basis after it has been approved by the commission and we have gone past the fighting stage, as you might call it, with the companies—because this has been a trial in which naturally there would not be the cooperation that there would be after it has been decided, assuming that the space basis were decided upon—that there would be very little difficulty in adjusting the matter with each individual company, and that we could pay them practically every day for every bit of service performed under the space basis. That is my opinion.

Question. When it comes down to the last analysis it is a question of payment, anyhow, is it not?

Answer. It is a question of payment. (R. 3202-3204.)

**SPACE-BASIS SYSTEM SATISFACTORILY COMPENSATED
RAILROADS FOR CARRIAGE OF UNUSUAL MAILS RE-
SULTING FROM WAR CONDITIONS.**

Mr. McBRIDE, superintendent Railway Mail Pay Statistics, Post Office Department, testified on direct examination as follows:

Since the date of the entrance of the United States into the war, in April, 1917, there have been many instances where, under the weight basis, railroads would have been compelled to haul carloads of mail long distances without additional compensation, mails which they did not carry during a weighing period. These mails were the result of the establishment of army training camps and cantonments at various places throughout the country. In every case of this kind, where these unusual conditions arose, and it was necessary for the companies to furnish additional cars for the transportation of these mails, they have been paid for the same. Additional full storage cars were authorized and payments made. (R. 3723, 3724.)

**UNDER WEIGHT-BASIS SYSTEM NO CONSIDERATION
GIVEN TO FLUCTUATION IN THE MAILS WHICH IS
REPRESENTED ON SPACE-BASIS SYSTEM BY EMER-
GENCY SERVICE UNITS.**

Mr. PETTIBONE, of the Northern Pacific Railway, testified on cross-examination as follows:

Question (by Mr. STEWART). The weight was based on an average taken 105 days once in four years. Now, if that was taken and your pay fixed there was absolutely no consideration given to the company with reference to the

fluctuation in the mails, which is observed here and represented by these emergency service units. Is not that true?

Answer. I think as you state it it is true. (R. 2412.)

SAVING IN CAR SPACE UNDER SPACE-BASIS SYSTEM.

Mr. GAINES testified during cross-examination as follows:

Question (by Mr. ASHBAUGH). Can you explain, from an operating standpoint, why the decrease has taken place as shown on that exhibit?

Answer. Well, I answered Mr. Wood along the same lines, that it was due largely to improved methods of distribution of mail, of the withdrawing from the trains the distribution of circular matter, in some cases ordinary paper mail, catalogues, and the economical administration of the service, but without delaying any of the letter mail or daily papers or registered mail.

Question. Yes; and in doing so, how, and in what proportion, has the equipment of which each train was made up been reduced? In exact proportion to your reduction of the space authorized as shown by this exhibit?

Answer. You mean other than the mail cars?

Question. No; I am taking the mail car as applying to all of these now.

Answer. In a great many cases, it has meant an absolute withdrawal from the train of certain storage and railway post-office cars.

Question. Yes.

Answer. We might, as I explained before, have a run where we were using six 60-foot cars in a mail train, and by withdrawing a certain class of mail, which I have described, from distribution in that train, and having it worked in the terminals, we might reduce the consist of that train, we will say, by two cars. (R. 202, 203.)

Mr. GAINES testified on re-direct examination that there was no incentive under the weight-basis system to economize in car space as there is under the space basis system, as follows:

Question (by Mr. STEWART). I think you said something about the possibility of having made all of these changes that affected these economies in the utilization of space in the reduction of space, that they might have been made largely under the weight system. Is it not true that there was no incentive whatever to make them under the weight system?

Answer. Absolutely not the incentive that there is under the space basis.

Question. And it would be extremely improbable that they would be so made?

Answer. Very. At any rate, they were not made. (R. 218.)

Mr. BRAUER testified on re-direct examination as follows:

Question (by Mr. STEWART). You said you thought all these reforms which have been suggested could have been made under the old weight basis. I assume that you mean it was possible to make them?

Answer. It was possible.

Question. Do you think that they ever would have been made?

Answer. I do not.

Question. That is based upon your experience—long experience in the field as a post-office inspector?

Answer. Absolutely.

Question. And also as an official of the Railway Mail Service, during which time it was your special duty, was it not as an inspector, to inspect these lines and recommend changes?

Answer. To a certain extent. (R. 247, 248.)

ALL ESSENTIAL DISTRIBUTION EN ROUTE IS BEING MADE UNDER SPACE-BASIS SYSTEM.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). You think there is just as much mail being distributed on the trains now, with all of this reduction in railway post-office train facilities, as there was before the space basis went into effect?

Answer. I think there is just as much essential distribution. We have the use of the terminals, as I explained before, in the distribution of certain classes of matter, but the letter mail is being distributed en route just the same as before, and the daily papers are being distributed en route just as they were before. (R. 180.)

Mr. GAINES testified on re-cross examination that the reduction of distribution on cars has not impaired the service, as follows:

Question (by Mr. WOOD). And you do not know whether it has been impaired by reason of the discontinuance of that service that has already been made or not?

Answer. I think I can speak for my division, that it has not. (R. 228.)

GREATER INCENTIVE TO RAILROAD TO FURNISH CARS UNDER THE SPACE-BASIS SYSTEM.

Mr. STONE testified on cross-examination as follows:

Question (by Mr. WOOD). So that, so far as their extending that contract service is concerned, your power is just as great under one system as under the other?

Answer. Theoretically, yes; the power is there, but you can see the incentive is not there for the railroad company to respond with additional service when request is made.

Question. But the railroad company has to respond?

Answer. But we can only enforce it by fines and penalties, and there may be considerable delays before we get the service. The railroad service is what we want, of course.

Question. Well, the railroad company, under the present basis, could violate the regulation of the department and be fined, just as well as under the old basis? If you are going to assume that they are going to break the law, the two bases stand on the same ground, do they not?

Answer. Theoretically; but when we go to the company and say, "We want this car, and you will be paid for it at the end of the month," there is a bit of incentive there to furnish it. When we go to a company and say, "We want the car and won't pay any more for it," the incentive is not there to furnish it promptly. They may be compelled to, eventually. * * *

Question. I am going back to your answer, which is that the advantage of the present space basis over the old weight basis is that under the old weight basis when you wanted an additional apartment-car service there was no incentive for the railroad company to respond to that freely, because it got no pay for it. Now, I say, assuming, and continuing still the weight payments just as they were, the Interstate Commerce Commission should in this case say what pay the railroad company should have for an apartment car as well as for a railway post-office car; that is, for the use of the distributing facilities in those cars—there would be just the same incentive then to respond to the furnishing of that service at the rate which the commission has fixed as there is to respond to it at the rates which Congress has fixed and which the carriers claim is inadequate, would there not?

Answer. I think not, because your question, as I understand it, says assuming the weight basis to be continued. That is impossible. If there is a quadrennial weighing, no matter whether you put on the additional car, they would not immediately get the benefit of any additional mail

that might be attracted to it, whereas under the space basis, when they put on additional cars, they furnish just as much space as may be needed, and they are paid for exactly what they furnish. (R. 364-367.)

SPACE BASIS PREFERABLE FROM AN ADMINISTRATIVE POINT OF VIEW; PAYS FOR ALL SERVICE RENDERED. THERE IS NO RECOGNITION OF FREQUENCY OF SERVICE UNDER WEIGHT BASIS.

Mr. STONE testified on cross-examination as follows:

Question. (By Mr. WOOD). The examiner asked you which had been the more satisfactory from the standpoint of the department, and you answered the space basis. As I got your answer, it dealt largely with the question of pay. Now, from the purely administrative standpoint in your department, for simplicity of operation, which is the more satisfactory, the space basis or the weight basis, purely as an administrative question, irrespective of the matter of the pay?

Answer. I would prefer the space basis.

Question. Why?

Answer. Well, you may say I am getting back to pay, but it is because we can get just what we want at any time. Here is the proposition: Under the weight basis, you might have service established on one train each way, with an apartment car, we will say. There may be another train operated each way. We go to the railway company, and we say, "We want to put service on these other two trains; we want to put an apartment car on those two trains." The company says, "What additional pay will you give us?" And we say, "Nothing." They think that is not businesslike, and are somewhat reluctant to furnish the additional car and equipment. We now go to them and we say, "We want an additional 30-foot apartment car on those two additional trains," and we pay so much, and of course there is readiness to respond.

Question (by Attorney Examiner BROWN). Well, in actual practice, did you go to a railroad and say you want a car hauled for mail purposes on that line and back, and never paid for it?

Answer. Yes; that is true, for apartment-car service, because the weight law provided that there be this weighing once in four years, and it was on the basis of 6 times a week service, and they got no more pay for 12 times a week service or 10 times a week service.

Question. On the theory that they carried no more mail?

Answer. Yes; of course, that weight was divided up among the several trains without increasing the frequency, and may not bring more weight in some cases.

Question. Well, if they had a quadrennial weighing, that would not make any difference?

Answer. Until the next weighing. (R. 362-364.)

ADDITIONAL SERVICE PERFORMED WITHOUT ADDITIONAL COMPENSATION, UNDER THE WEIGHT-BASIS SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). What have you to say with reference to the amount of service that might be required of the railroad companies under the weight basis, as compared with the service which might have been required during the weighing period? Did it change?

Answer. It might vary very greatly. Changes of schedules would make it necessary to divert mail, sometimes in large quantities. The railroad companies handling the diverted mail, unless a special weighing were allowed, performed that additional service without additional compensation. The companies where the mail had been previously carried continued to receive remuneration for the carriage of mail which no longer passed over their line. (R. 111.)

THE SPACE-BASIS SYSTEM IS RESPONSIVE TO INCREASE IN WEIGHT CARRIED.

Mr. STONE testified on cross-examination as follows:

Question (by Mr. WOOD). To what extent is the space basis responsive to an increase in the weight of the mail carried?

Answer. Well, if your weight increases, it takes more space, and when we ask for more space we pay for it at once.

Question. To what extent do the apartment cars which are run to-day carry to the limit of their capacity?

Answer. Well, I could not answer as to that. * * *

Question. Have you any idea?

Answer. Well, we order cars according to the amount of mail to be carried. If we order a 15-foot apartment car, it is because we think the mail to be carried can be accommodated in that apartment. If we ask for a 30-foot apartment, it is because we think we have more than enough to make a full 15-foot apartment, and that it can be accommodated in a 30-foot apartment; but if you want me to say what per cent of the car is actually filled with mail, I have no data on that. (R. 369, 370.)

Mr. STONE on cross-examination also testified as follows:

Question (by Mr. WOOD.) Now, if there has been a contraction in the space and an increase in the weight, in what way has the space basis been responsive to the increase in weight by providing pay for the railroads?

Answer. Well, it would seem that possibly we were using more space under the weight system than we needed. Now, after going to the space system, we adjust our space to what we actually need for the weight that is offered. (R. 375.)

Mr. STONE on cross-examination also testified as follows:

Question (by Mr. WOOD.) Now, if it be a fact, as you think it is, that there has been no net increase in the space authorized within a year—about a year ago, I think they claimed it was “shaken down”—do you think there has been an increase in the weight within the year?

Answer. I think very likely.

Question. Now, if those two conclusions of yours are correct, upon what basis do you think the space basis is responsive to the increase in weight and gives the railroad companies full pay for that increase?

Answer. When the space system first went into effect, of course we could not gauge exactly the exact amount of space that would be needed to transport the mail. We did the best we could, to start it. Then, we began these readjustments, and as we proceed, we are probably arriving at a more correct basis of space for the weights and bulk and distribution of the mail. (R. 376, 377.)

Mr. STONE on cross-examination also testified as follows:

I think the statement that the service was then stabilized is a general one. I do not mean that that was conclusive as to the amount of space that was needed. I think our needs for space must necessarily change, and as we inspect our different lines and get later data, why, we need more here, and there we need less, and there will always be these readjustments, in order to fix the space exactly in accordance with what is needed to transport the mail. (R. 378.)

Mr. STONE on cross-examination also testified as follows:

Answer. Well, you understand, I do not pretend to say that absolutely there has been no increase in space as a whole. I do not control the statistics of that division, or have charge of it. There may have been a net increase in the space, but I do know this, that when there is an increase in the mail on any particular day or at any particular place, and it needs an additional storage car to carry it, we

order it, and it goes out at once. There is an increase on that. At some other place, there is a regular authorization for a storage car, and if we find the mail falls off and we do not need it, we stop it at once. There may have been a net increase in space. I can not speak positively on that; but I do say that we are adjusting constantly this space according to our needs, not only for weight, but for bulk and for the distribution of the mail. (R. 379.)

Mr. STONE on re-direct examination also testified as follows:

Question (by Mr. STEWART). With reference to the question as to whether the service is responsive under the space system I call your attention to the fact, if it be a fact, that increases and changes in authorizations are constantly made by the department.

Answer. They are.

Question. What relation, if any, have those changes to the subject matter? Do they represent responsiveness?

Answer. Yes. Those changes keep the authorizations adjusted to the needs, whether increases or decreases.

* * * * *

Question. I will ask you if it is not true that the service is very closely supervised in the field, and we take into consideration not only the load of the working cars, but the facility for working the mails * * * when the needs of the service—I mean the space already occupied, growing out of either one or both conditions, requires more facility, is it not requested and furnished?

Answer. It is. (R. 394,395.)

MORE STORAGE MAELS HANDLED IN MAIL CARS UNDER SPACE-BASIS SYSTEM THAN UNDER WEIGHT-BASIS SYSTEM, OPERATING TO RELIEVE RAILROAD EMPLOYEES OF MAIL HANDLING.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Has there been a change in that respect under the space basis, whereby the space in the car, the oversized working car, is more or less utilized for the carriage of this storage mail?

Answer. Well, we handle a good deal more mail under the space basis in the mail cars than we did prior thereto, and of course, in the oversized mail cars, we handled storage units.

Question. And where that is done, who cares for that mail?

Answer. The mail clerk.

Question. So that under the space system, that change has operated to relieve the employees of the railroad company in the handling on the trains of all the classes of mail which are transported in that manner?

Answer. I would think so. (R. 2934.)

THE SPACE SYSTEM, AS DISTINGUISHED FROM THE WEIGHT SYSTEM, HAS HAD A TENDENCY TO CONSOLIDATE LOADS AND EFFECT ECONOMIES IN THE OPERATION OF FULL STORAGE CARS.

Mr. GAINES testified, on direct examination, as follows:

Question (by Mr. STEWART). What tendency, if any, has there been under the space system to prevent the running of full storage cars with small quantities of mail?

Answer. The tendency has been to consolidate loads and to effect economies in the operation of full storage cars.

Question. Has that been specially marked where the mails could all be carried in the cars operated in the train?

Answer. It has.

Question. Under the weight system, was it or was it not customary to operate storage cars upon more days of the week than were necessary and than are operated under the space system; also as to holidays and days following holidays, state what change, if any, has occurred in that respect.

Answer. I will say that from my personal knowledge, on account of the small number of storage cars in regular operation in the eleventh division—I can not state definitely, except as the operation of storage cars during the holiday period. As there was no additional expense at that time to the department incident to the operation of storage cars, there was a tendency to use more of them than actually necessary, and to begin the movement of the storage cars earlier and continue it longer, possibly, than was found under the space basis to be entirely necessary for the proper handling of the mail. The storage cars, as well as any other storage units, are now operated, as far as can be determined, only on the days when the volume of mail passing over any particular route will make that necessary. They are limited to five, six, or any other number of days during the week when experience shows that on certain days they can be eliminated without detriment, and the mail which used to be carried on seven days in those cars is placed in other space in the train. (R. 114, 115.)

Mr. BRAUER testified on direct examination, as follows:

Question (by Mr. STEWART). You have had special acquaintance with a part of the country where storage cars have been used to a considerable extent. Will you tell the examiner what effect, if any, the space system administration has had upon the release, for instance, of cars heretofore used for storage of mails?

Answer. Well, as a general proposition, it has resulted in a big reduction, because, under the weight basis, we carry largely all but the working mail in storage cars. For instance, the road that I ran on as a clerk—the Santa Fe road out of Chicago, ran a storage car out of there every day in the week on the train that I was assigned to. Very often, there probably would not be a half truck load of mail to go in there on Sunday night, but that car was operated just the same, and was run, as far as I knew, all the way to Los Angeles.

Question. Now, what occurred under the space system in regard to that?

Answer. Well, that was discontinued immediately, the operation of such space.

Question. And the equipment turned back to the railroad companies?

Answer. Yes. (R. 235, 236.)

POST-OFFICE SUPPLIES AND EMPTY EQUIPMENT, WHICH UNDER WEIGHT-BASIS SYSTEM WERE CARRIED IN FREIGHT CARS, ARE, UNDER THE SPACE-BASIS SYSTEM, CARRIED IN RETURN MOVEMENTS OF OTHERWISE EMPTY MAIL CARS, RELEASING RAILROAD EQUIPMENT AND SAVING EXPENSE.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Gaines, in your experience as superintendent of your division, have you acquired personal knowledge with respect to the change in the method of transporting empty equipment or blue-tag mails or supplies in freight trains?

Answer. I have, especially as it relates to Post Office supplies and empty equipment. We do not handle blue-tag mail in the division to any extent. We are now handling it only into the Houston terminal. It is coming by water from New York.

Question. Will you explain to the examiner what that change has been?

Answer. Under the weight basis, empty equipment was assembled at certain points and forwarded from those points by freight. In the aggregate, a very great number

of freight cars were used in transporting that equipment. Now, the equipment is handled, as a rule, in return movement of storage and postal cars, and the effect has been to utilize cars in their return movement by placing the empty bags therein, very materially reducing the time in transit to points where needed, and releasing the freight cars for other service. It might be well to explain that, as a rule, the same amount of space is not needed in both directions over a line. In my division, the heavy movement of mails is south and west bound. The normal movement of surplus equipment was east and north bound; so we can now utilize the space which would be vacant if we were operating under the weight basis. We can utilize the space not needed in the direction of the light movement of the mail.

Question. And which space is paid for?

Answer. And which space is paid for. (R. 125, 126.)

THE CARRIAGE OF EMPTY MAIL EQUIPMENT IN THE RETURN EMPTY MAIL CARS UNDER THE SPACE SYSTEM RETURNS THE EQUIPMENT TO USE SOONER THAN WAS POSSIBLE UNDER THE WEIGHT-BASIS SYSTEM PRACTICE OF HANDLING.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, in connection with the quicker dispatch or return of empty equipment to the place where it is to be reused, what advantage accrues to the service generally from the new system? Do you get the use of the equipment sooner?

Answer. We get the use of the equipment very much sooner. Under the old system, from the eleventh division, a very large part of the surplus equipment was being sent by boat from Galveston to New York, and would be on the water, I suppose, about five or six days in transit, after being assembled at Galveston for carload lots. (R. 134.)

UNDER THE SPACE-BASIS SYSTEM BLUE-TAG MAILS WHICH THERETOFORE WENT BY FREIGHT ARE CARRIED IN MAIL CARS AND THE FREIGHT-CAR SPACE TURNED BACK TO THE RAILROADS.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). What change, if any, was made with reference to the blue-tag matter? I think you have had experience in a section of the country where you would observe that.

Answer. Well, blue-tag matter from the West to the East went by freight. It now goes back in the return movement of the storage car. You understand, of course, that the big movement of the mail is from the East to the West, and there is a lot of vacant space going east, and that is utilized now in lieu of the freight shipments which were made prior to the inauguration of the space system.

Question. And that has resulted in the release of the freight cars to the company?

Answer. It has.

Mr. STEWART. I should say, Mr. Examiner, I do not know whether it appears affirmatively, that blue-tag matter is periodical matter, published less frequently than once in two weeks, and before the space system went into effect, it was transported largely in carload lots, in fast (freight) trains, and paid for at a reduced rate, under the weight system. This matter originated in such volume at different publishing points that the department could so assemble it and ship it in carload lots. (R. 236, 237.)

Mr. BRAUER testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, when the blue-tag mails are taken out of the freight cars moving eastward, for instance, corresponding to your experience, and are now, under the present system, accommodated in the return movement of storage cars, you intended to say merely, as I take it, that no additional revenues are paid to the railroad companies for that movement beyond that which they already receive for the full car movement; is that right?

Answer. That is right.

Question. At the full rate?

Answer. That is right.

Question. And if these mails were not placed in these empty cars, and so transported in that manner, the department would pay for the empty movement at the same rate it pays for the full movement westbound?

Answer. That is correct. (R. 247.)

THE CLOSE SUPERVISION OVER SPACE UNDER THE WEIGHT-BASIS SYSTEM APPLIED ONLY TO THE FULL RAILWAY POST OFFICE CARS; UNDER THE SPACE-BASIS SYSTEM IT IS EXTENDED TO ALL CLASSES OF UNITS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). With regard to supervision, the examiner asked you about that, and I will ask you whether or not you had the same supervision of the full cars and exercised it, as under the space system, and whether

there is any difference between that and what is known as the closed-pouch and storage mails.

Answer. The supervision of the service in the full cars, for which the department was paying, was very close; indeed, so close that I will say that we did not, under the space basis release a single one of the full railway post-office cars for which we were paying. That supervision was extremely necessary then, as it is now, in order that the department would not pay for railroad post-office space that was not needed.

* * * * *

Mr. STEWART. The supervision that we have been speaking about, this close supervision, under the weight basis, was not directed toward anything but the full cars, as the department did not pay anything additional for the apartment cars.

The WITNESS. The apartment cars.

Mr. STEWART. Nor for storage space. (R. 130, 131.)

CLOSER SUPERVISION AND RELEASE OF EQUIPMENT UNDER THE SPACE BASIS-SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). You spoke of the closer supervision which the service receives under the space system from the officers in the field. What effect, stated specifically, has that upon railroad equipment?

Answer. It has had the effect of releasing a considerable amount of railroad equipment for other purposes.

Question. What effect has it had upon the space in units of less than 40 feet, so far as the Railway Post Office Service is concerned, where the department might dispense with such service without detriment to the public interest?

Answer. That has been eliminated.

Question. Is that tendency under the space system a pronounced one or not?

Answer. It is pronounced. (R. 115, 116.)

SPACE BASIS RESULTS IN ECONOMY IN CAR EQUIPMENT.

Mr. STONE testified on re-direct examination as follows:

Question (by Mr. STEWART). Mr. Stone, referring to the advantages of the space system over the weight system, I want to direct your attention to this feature, and ask your opinion as to whether or not it results economically to the department and the railroads as well in restricting

the use of equipment and operation to the needs of the service as actually performed?

* * * * *

Answer. Yes; of course, the space would be adjusted to the needs more nearly than under the weight system. (R. 393, 394.)

THE RELATION BETWEEN THE DEVELOPMENT OF THE TERMINAL RAILWAY POST OFFICES AND THE ECONOMICAL USE OF TRAIN-SPACE AND ECONOMIES IN THE RAILWAY MAIL SERVICE.

Mr. GAINES testified on direct examination as follows:

Question (by MR. STEWART). * * * Will you describe briefly the advantages that have grown out of the space system with respect to the utilization of what are known as the railway post office terminals?

Answer. We are requiring the parcels post and, in many cases, ordinary paper mail, to be distributed in the terminals and sent out made up into "directs," to an extent that we never have before. We are not delaying in the terminals any first-class mail, although we are performing advanced distribution there of any mail that can be worked on dead time. That is relieving the force on the lines of an immense amount of distribution and making it possible to reduce the number of clerks in service on lines where mail formerly was distributed in those railway post offices, where it can be distributed, without impairing the efficiency of the service, in terminals.

Question. Has it or has it not developed the usefulness of the terminal railway post offices to a greater degree than under the old system?

Answer. It has.

Question. The railway post offices are an institution which existed before the space system, did they not?

Answer. They did.

Question. And they had certain functions to perform with reference to mails in transit?

Answer. Yes, sir.

Question. And I understood you to say that the space system has enabled the development of those functions to a greater degree of usefulness?

Answer. Of course, Mr. Stewart, the development could have been made under the weight or any other system, but there is a greater incentive now to distribute mails in the terminals than there was under the weight basis. There are more opportunities for relieving not only forces on the lines, but space that would otherwise have to be paid for

and that can be released to the railroad companies for other use.

* * * * *

Question. What effect, if any, has the conduct of the service under the space system had upon the number of "directs"? Has it increased them or reduced them, on the whole?

Answer. It has increased.

Question. And what effect has that had upon the working in the cars?

Answer. Without materially reducing the distribution on the train.

Question. It relieves the clerks of that much labor?

Answer. It relieves the clerks of labor and makes it possible, in many cases, for us to withdraw a part of the force on the railway post office lines.

Question. Does it also enable you to dispense with working space and utilize storage space for the transmission of those mails?

Answer. It does; and I believe it might be well to point out now that it takes a great deal more space to carry working mail and distribute it on the trains than it does to carry the same amount of mail after it has been distributed.

* * * (R. 122-125.)

UNDER SPACE-BASIS SYSTEM THE RAILROADS HAVE AN INCENTIVE TO MAKE AND MAINTAIN GOOD MAIL TRAIN SCHEDULES.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, with reference to railroad service and schedules, what, if any, effect has the change made upon their relation to the mail service?

* * * * *

Answer. Well, they have the incentive now that they never had before to not only make, but to maintain schedules.

* * * * *

They have that incentive all the time which they had during the weighing period, under the weight basis. I am not saying that the railroad companies would make schedules especially for the weight period, but, at the same time, they have that same incentive now to not only make, but to maintain schedules, for the purpose of getting the compensation from the department for the handling of the mails. (R. 131, 132.)

**CLOSER SUPERVISION BY THE RAILWAY MAIL SERVICE
UNDER SPACE-BASIS SYSTEM, AND BENEFICIAL
EFFECTS ON PERSONNEL.**

Mr. GAINES testified on direct examination as follows:

Question (by MR. STEWART). When you speak of the general supervision, Mr. Gaines, which is now given the service, is it to be understood that that refers to not only the superintendent, but to all of the subordinate officers in the division—chief clerks, transfer clerks, and others?

Answer. It relates more particularly to the chief clerks and transfer clerks, really, than it does to the superintendent.

Question. Now, what reciprocal advantage is that to the personnel of the service? Does it give you a more efficient staff or otherwise? Does it increase their efficiency generally?

Answer. It increases their value to the service and their knowledge of the service, and therefore I consider their efficiency. (R, 136.)

Mr. GAINES testified on re-direct examination that the space system had resulted in very little additional cost for supervision, as follows:

Question (by MR. STEWART). * * * With reference to what you said regarding supervision of the service and the cost of it, I will ask you whether it is not true that the main part of the supervision which we have referred to in the testimony is carried on and made by the regular officers of the Railway Mail Service, who were theretofore employed under the weight basis?

Answer. It is. We have not increased our force of chief clerks. We have increased to a certain extent the clerical force in the superintendents' offices and chief clerks' offices, possibly one man to each district, and we have made some increases in the supervisory forces in terminal railway post offices and transfer offices; but without going into the matter from the records, I am of the opinion that the total amount would not exceed, during the four-year period, what the taking of the weights at the quadrennial period would cost.

Question. Well, do you think it would even approximate that?

Answer. I do not think so. I am not in possession of information as to the cost in the department now, after the division has gotten through with this part of the work, and has sent the figures in here for tabulation, but I would say that there was a very great difference in favor of the cost under the space basis. (R. 226, 227.)

UNDER SPACE-BASIS SYSTEM POSTAL CLERKS TAKE GREATER INTEREST IN ECONOMIZING SPACE.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). What difference, if any, is there with reference to the interest which the railway postal clerks take in the service in that regard for handling and sorting of the mail?

Answer. We find, as a rule, that the postal clerks are attempting to carry out the wishes of the department in regard to handling mail in their cars to a practicable extent.

Question. Did they have any such interest under the weight system?

Answer. They did not appear to feel that in many cases it was necessary for them to carry in the mail cars anything except the working mail and mail for local dispatch, dispatch to local stations, and, as I stated before, they sent back considerable quantities of mail to be handled in the baggage cars, which, to an extent, was found not necessary. I believe the clerks now realize—we have tried to impress them, at any rate, with the fact—that, as agents of the Post Office Department, it was their duty to assist in economical handling of the mail and to carry out the rules in regard to taking as much as possible into their cars, where not only it is handled without undue expense to the department, but where it is under the direct supervision of a representative of the Post Office Department. (R. 121, 122.)

THE SPACE-BASIS SYSTEM HAS REDUCED THE NECESSITY FOR THE NUMBER OF RAILWAY POST-OFFICE CLERKS ON THE LINES WHICH WOULD OTHERWISE BE REQUIRED UNDER THE WEIGHT-BASIS SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). I believe you testified that the general effect of the space system and the development of other related service has been to reduce the necessity for clerks on the lines—that is, to reduce the number of clerks?

Answer. We have reduced the number of clerks; one of the factors, as stated before, being the distribution of mail in terminals and in large post offices, withdrawing circular matter from distribution on the trains, and because of the very close supervision that our men are giving to the needs of the service. (R. 133, 134.)

COST OF SUPERVISION LESS UNDER SPACE-BASIS SYSTEM THAN WEIGHING UNDER WEIGHT-BASIS SYSTEM.

Mr. GAINES testified on cross-examination as follows:

Question (by Attorney Examiner BROWN). Now, let me ask you there a question that comes to my mind. You spoke about the expense of the weighing every four years, and I believe an exhibit was introduced showing that expense. Have you computed the expense that has been entailed on the Post Office Department for its supervision of the space basis, which you say is much more rigid?

Answer. Well, we could make a very close estimate of any additional expense. Do you misunderstand me in regard to supervision? We always had supervision, but there was so much at stake under the space basis that we have insisted upon greater supervision, and unquestionably that has cost us more money.

Question. Just from an offhand view, do you think that the increased expense to you for supervision under the space basis is comparable with the expense of one four-years' weighing?

Answer. I would not say the supervision is comparable to it. It is not nearly so great. (R. 208, 209.)

Referring to expense of accounting, he stated:

Answer. * * * That was not included in the supervision. That will cost us some more money, but I still adhere to my statement that, in my judgment, the expense is not nearly so great, from the standpoint of accounting, as well as supervision, as the weighing of the mails. (R. 209.)

THE SPACE-BASIS SYSTEM HAS ELIMINATED CONSIDERABLE COST INCIDENT TO THE WEIGHING OF THE MAILS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Will you state what effect the elimination of the weighing has had upon the labor and the cost of labor for mail weighers and railway post-office clerks in your section?

Answer. I have no definite information as to the cost of weighing the mails.

Question. We have that in general, Mr. Gaines. I am only asking you whether or not it has.

Answer. It has eliminated a very considerable cost incident to the weighing of mails under the weight basis, not only of weighers on the trains, but of clerical forces in the offices, in the way of assembling the weight data. (R. 135, 136.)

CONSOLIDATION OF DISPATCHES BY TRAINS HAS REDUCED THE NUMBER OF TRIPS BETWEEN RAILROAD STATIONS AND POST OFFICES.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). What effect has the consolidation of the mails had upon the number of dispatches between the post office and the railroad trains?

Answer. It has reduced them wherever closed pouch service has been eliminated from any train. As I stated some time ago, the train service in the eleventh division is not so excessive that we had any considerable number of pouch exchanges which I found it proper to eliminate.

Question. But to that extent, it has reduced the number of trips between the trains and the post offices?

Answer. It has, to the extent that we have discontinued or reduced the service. (R. 135.)

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). You heard the testimony of Mr. Gaines in regard to the side and terminal service. I will ask you if you have anything further to say upon that point, as to whether or not the space system has reduced the work required of the railroad companies' employees?

Answer. So far as my division is concerned, it is just about the same.

* * * * *

Question. Are you familiar with conditions throughout the country in that respect?

Answer. Well, I was very well acquainted with them around Chicago, quite well acquainted with them, and as far as the suburban district around Chicago is concerned there has been a very large and material reduction in side service. (R. 237, 238.)

STANDARDIZATION OF CAR UNITS UNDER THE SPACE-BASIS SYSTEM, AND ITS ADVANTAGES.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, with special reference to the equipment which the railroads furnish for the service, will you state the main difference between what is now required in the sizes of cars as compared with what were called for under the weight basis? I refer now particularly to the apartment car service, the small apartment.

Answer. Well, we have definite units now and standard cars of 15, 30, and 60 feet in length. Under the weight basis, we would ask for cars on the very small lines any-

where from 10 to 15 feet, and then we had 20-foot cars, 25-foot cars, 30, 40, 50, and 60 foot cars.

Question. Does this standardization of the working car to the 60, 30, and 15 foot units result in any advantage to the department, so far as distributing space is concerned—in other words, do you get a better distributing facility in those standard cars than in the many sized cars which were furnished before?

Answer. The standardization of the cars is greatly to the advantage, in my judgment, not only to the department but to the railroad company. It is true that at one time cars were built and equipped almost without reference to standard. They represented in many instances the individual ideas of the officials of the division where they were placed in service. (R. 119, 120.)

COOPERATION OF RAILROADS WITH DEPARTMENT IN EFFECTING READJUSTMENTS OF SERVICE BETTER UNDER SPACE-BASIS SYSTEM THAN UNDER WEIGHT-BASIS SYSTEM.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, in making those readjustments of the mail service, both to the needs of the railroad companies and to the needs of the public, in an economical administration for both parties, what do you find the attitude of the railroad officials to be? Is it one of willing cooperation to an extent greater than under the weight system; and if so, for what reason?

Answer. I do not know, Mr. Stewart, that I exactly understand that question. Now, do you mean, do we find a complete spirit of cooperation in regard to the handling of the service as a whole?

Question. I refer particularly to the attitude generally, and not to specific cases, where some agent of the railroad company has personally offered objections. What I am referring to particularly now is this: Do you find that, because the railroad company received specific pay for a specific authorization—

Answer. I understand the question now.

Question (continuing). There is a greater tendency to comply with the requirement of the department than under the weight basis where they did not receive such pay?

Answer. There certainly is, because we are not going to the railroad companies, as we had to do, under the space basis. For instance, when we find a line of 30-foot cars necessary, we had to go to the railroad companies then

and ask them if they would put on a line of 30-foot cars. We could not offer them any inducements to go to the expense, possibly, of building cars and putting them on the run. Now we have a definite business proposition to submit. They know what service is expected of them, and they know what the compensation will be.

Question. You mean you get this ready compliance under the space system?

Answer. Under the space system.

Question. And not under the weight system?

Answer. Not under the weight system—not always under the weight system.

Question. Have you ever had experience under the weight system where the cars were not furnished promptly?

Answer. Yes, sir.

Question. Do you remember the length of time that intervened between the time the requisitions were made and when compliance was made?

Answer. I can not remember the exact time, but in one instance certain services that we were desirous of having involved the handling of 30-foot cars, and that was pending for considerably more than one year, and was adjusted soon after the space basis was put into effect. In another instance, on something over 300 miles of track, where we desired double-daily service, and needed it badly, we were unable to secure the cars under the weight basis for a period of more than a year. (R. 117-119.)

MAIL CARS ARE RELEASED IMMEDIATELY AFTER REACHING TERMINI; THERE IS NOTHING IN THE MAIL SERVICE ANALOGOUS TO THE WAREHOUSE OR RECONSIGNMENT PRIVILEGES; THERE IS NO SHORTAGE OF CARS AS A RESULT OF INADEQUATE TERMINAL FACILITIES.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). With respect to the ability to command sufficient railroad equipment for the transportation of the mails, I will ask you whether any of the general causes for shortage in freight cars, for instance, applies to the mail service?

Answer. Freight cars?

Question. Freight cars. For instance, are mail cars held in transit at points to any great extent, or are they released quickly?

Answer. They are released. Oh, I understand the question now, I believe. Mail cars for mail service purposes are released immediately after reaching the terminus

of the run. They are used to a limited extent for advance distribution. That is the only case in which we have any occasion to retain the distributing cars.

Question. There is no such thing known in the mail service as the warehouse privilege, for instance, the holding of cars with mails in them, as obtains in the freight service?

Answer. No.

Question. Nor any reconignment privilege?

Answer. Nothing of that kind.

Question. There is never a shortage of cars by reason of inadequate terminal facilities?

Answer. Not so far as it relates to the railroad mail service.

Question. That is what I am inquiring about. The demand for cars is not influenced by commercial methods or bunching of traffic as it is in freight?

Answer. It is not. (R. 136, 137.)

THERE HAVE BEEN NO COMPLAINTS FROM THE PUBLIC AS TO CHANGES IN SERVICE UNDER SPACE-BASIS SYSTEM EXCEPT A FEW WHERE CLOSED-POUCH SERVICE HAS SUPERSEDED APARTMENT-CAR SERVICE.

In answer to Attorney Examiner Brown's question as to whether there has been complaint from the public as to reduction in car units, Mr. GAINES stated:

Answer. We have had a few cases of complaint that seemed to come from interested parties on small lines, where we had substituted closed-pouch for railway post-office service; but I will say that the reduction was only made—and I am only speaking now for the eleventh division, and presume that this statement will apply to others—the reduction was only made in cases where we were satisfied that the efficiency of the service would not be impaired on account of the reduction. At the beginning we had some complaints, but nothing specific. We have asked in every case of complaint that they make a specific complaint, so that they might be investigated, and if there was any reason that we could not give good service we would—well, I do not know that I made that promise, but under instructions from the department, if we could not give good service we were instructed to not take (off) that railway post office or to recommend the putting of it back if it was taken off. (R. 210.)

Mr. GAINES testified on re-direct examination that there have been no complaints from the public as to changes in service other than the few cases where closed-pouch service was substituted for apartment-car service, as follows:

Question (by Mr. STEWART). You referred in your cross-examination to the receipt of a few complaints in the cases where apartment lines were discontinued and closed-pouch service substituted, and you explained the method of procedure in those kinds of cases. I will ask you whether there has been any complaint whatever from the public with reference to any other changes in the service, such as those affecting the 60-foot cars and 30-foot cars, the 60-foot storage, and storage units, and so forth.

Answer. None whatever. (R. 227.)

SPACE-BASIS SYSTEM PRACTICABLE AND EQUITABLE.

SPACE-BASIS SYSTEM, WITH SUCH MODIFICATIONS AS THE COMMISSION MAY DECIDE UPON, A MOST EQUITABLE AND FAIR MEANS OF COMPENSATING THE COMPANIES, AND FAIR TO THE DEPARTMENT.

Mr. KNOX testified on re-cross examination as follows:

Question (by Attorney Examiner BROWN). That is to say, we have here the proposition upon the one hand that the Post Office Department insists that the carriers are being paid under the present system at least enough, if not too much, and we have the carriers stating that they are being underpaid something like \$50,000,000 a year. Now what kind of shape is the commission in to settle such a controversy as that unless you practical men can come here and say, in such a spirit of fairness to the railroads and fairness to the Government as will put the commission in the right mood of settling such a controversy? Is there not any middle proposition? Is there not something that is not all space or all weight, with the carriers on one side demanding weight and the Government on the other the space? Is it because you are a representative of the Government and the Government is rather inclined to space that you lend yourself to that view as contradistinguished from the weight view which is insisted upon by the carrier, or is that your deliberate judgment from your experience as a practical

man, that upon the space basis the carriers will be adequately paid and the Government adequately served, and the public at the same time.

Answer. Mr. Examiner, it is my opinion that the space basis, with any such modifications as the commission may decide to place in the administration of it, will be a most equitable and fair means of compensating the companies and will be fair to the department. It pays every day for that which is performed during any emergency, such as Christmas. We pay the companies for all the extra movements of the vast quantities of mail, and any other emergencies. We can divert mails from one place to another, always paying the company that has to handle the mail. So I think the space basis, in my individual judgment, irrespective of where I am employed or what the opinion of the department is, that the space basis is the best method of handling the mail service. (R. 3204-3206.)

POST OFFICE DEPARTMENT SHOULD ADMINISTER THE POSTAL SERVICE, AND IF A COMMON BASIS OF OPERATION SHOULD BE DETERMINED UPON BY THE INTER-STATE COMMERCE COMMISSION THE DEPARTMENT AND THE RAILROADS WOULD BE IN ACCORD.

Mr. SEARLE testified on re-cross examination as follows:

Question (by Mr. STEWART). Mr. Searle, what is the railroad's idea about the administration of the Postal Service? Should it be administered by the Post Office Department or by the railroads?

Answer. I would say that it should be administered by the Post Office Department to such extent as will conform to reasonably efficient train operation.

Question. And the only difference between your view as to administration and that of the Post Office itself with respect to these particular and these general authorizations is that you think the department's orders do not conform to those standards which you mention?

Answer. No, they do not; no, sir.

Question. You think they do not. That is a difference of opinion. That is the whole difference?

Answer. I would say that is a very large part of the difference that exists.

Question. All these matters about which you have testified—

Answer (interposing). They are minor matters that will undoubtedly be straightened out if the main evil is cured.

Question. So that if the commission should finally decide that the space basis in some form or other should

be continued, you do not intend to say that it would not be practicable for a common basis of operation to be determined upon between the railroad companies and the department, under the advice of the Interstate Commerce Commission, by which it could be administered?

Answer. Unquestionably, if consideration were given, as I know it will be given, by the commission, to the conditions which I have attempted to describe as to the difficulties we have in operation under the present administration, I have no doubt that the department and the railroads would be entirely in accord and conditions would be very much pleasanter. (R. 2141, 2142.)

IF SPACE BASIS COULD BE MADE A FAIR MEASURE OF VALUE, THE CHIEF OBJECTION WOULD BE REMOVED.

Mr. FAIRFIELD, of the Illinois Central system, testified on cross-examination as follows:

Question. (By Mr. STEWART.) * * * Your view that the space basis would not be desirable because it would not adequately pay you appears to be based upon your theory that your pay must be computed upon ascertained weight. Is that it?

Answer. That is my belief. That is, that the weight is the only proper measure of pay.

Question. Really your view is this, that nothing but weight is a fair measure of that value?

Answer. Yes, sir.

Question. So that if, as a matter of fact, it were determined that space could be made a fair measure of value your objection to the space basis would be removed?

Answer. If it could. I don't think it could. I don't see how it is possible to ascertain it.

Question. Then you have other objections? I understood you to say that was your objection.

Answer. That is the principal objection. That is the chief objection.

Question. Very well. If that could be done, then, it would remove the chief objection?

Answer. If it could be done; yes, sir. (R. 2350, 2351.)

SPACE-BASIS SYSTEM SATISFACTORY.

THE SPACE-BASIS SYSTEM HAS OPERATED ENTIRELY SATISFACTORILY TO THE GOVERNMENT AND MORE SATISFACTORILY THAN THE WEIGHT-BASIS SYSTEM.

Mr. STONE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Well, you have had, in a general way, supervision, as assistant general superintendent, of the operation of the Railway Mail Service under the space system?

Answer. Yes.

Question. Has it operated satisfactorily to the Government?

Answer. Entirely so.

Question. Had it operated more satisfactorily than the weight basis?

Answer. I think it has.

Question. What are your reasons for that?

Answer. It charges to each item of service its proportionate part of the cost. Under the weight system, there was just a weighing for a statistical period of 105 days once in four years, and thereafter there was no allowance made for any increases or decreases, with certain exceptions, but that was the general rule. Consequently, whenever there was an application for additional service, the tendency was to establish it, because the operation of an additional apartment car was not specifically paid for by the department. It was largely a matter of the total cost for the distribution in the car. Also, if there was an application for additional closed-pouch service, it would be very likely put on, because there was no specific cost for that additional service. Now, when there is any application or proposition to establish service, we can ascertain what the exact cost for each unit of the service would be, and are able to form a better opinion as to the advisability of establishing such service. (R. 360, 361.)

RAILROADS HAVE NO PARTICULAR KICK UNDER SPACE-BASIS SYSTEM AS DISTINGUISHED FROM WEIGHT-BASIS SYSTEM.

Mr. KNOX testified on cross-examination as follows:

Question (by Attorney Examiner BROWN). Now, you are the division superintendent out here in the Northwest, as I understand it?

Answer. Yes, sir.

Question. What kick have the railroad companies—I am using the common ordinary expression, because I want

to know what they put up to you about this service—what kick do they put up to you as distinguished from the weight basis that they had in prior to that time?

Answer. Well, I have not anything in my files to indicate any particular kick.

Question. You have not heard anything?

Answer. Nothing of that sort. (R. 3074, 3075.)

NO EVIDENCE THAT THE RAILROADS' PREDICTION HAS BEEN VERIFIED THAT LARGE AMOUNT OF EXPRESS AND FREIGHT WOULD BE DIVERTED FROM THE ROADS AS A RESULT OF THE SPACE-BASIS SYSTEM.

Mr. WORTHINGTON, vice president Southern Pacific Co., testified on cross-examination as follows:

Question (by MR. STEWART). You stated that the parcel post is in direct competition with the express and freight, and I infer from your answers that you believe there has been or will be a large diversion of your express and freight to parcel post. Have you any evidence of that fact?

Answer. I think there has been a diversion already.

Question. Speaking of a very large diversion, Mr. Worthington?

Answer. Well, the diversion of matter from the express to the parcel post, I should think, would naturally, to a certain extent, depend on the rate charged for each, and the services rendered. If one rate was lower than the other between two given points or the service was better, why the people of the country would probably favor that service; and, outside of the diversion, there is always a natural growth in all kinds of service.

Question. Do you know that the claim was made before the congressional committee that if the space basis were authorized it would result in diverting your freight business to the mails to a very large extent on certain lines?

Answer. If what service was authorized—the space basis?

Question. The space basis system.

Answer. I think we probably stated that as a potentiality. I do not think that anybody could state as an absolute fact that that would be the effect unless he knew that the rate would be such as to cause the diversion. It is always a potentiality.

Question. You do not know that that has eventuated, do you?

Answer. I don't know to what extent there has been a diversion of matter from freight to the parcel post. I have not any statistics on that point.

Question. Well, you are quite sure, are you not, that the effect is not great?

Answer. No, sir, I am not sure at all on that point. I don't know.

Question. Can you give me any instance where it has occurred?

Answer. No, sir. I have not any figures on it or any information here that I could give you. (R. 1615½, 1616.)

OPERATION OF SERVICE SUBSTANTIALLY THE SAME ON NOVEMBER 1, 1916, UNDER SPACE-BASIS SYSTEM AS THERETOFORE UNDER WEIGHT-BASIS SYSTEM; AND READJUSTMENT THEREAFTER WAS MADE AS SOON AS DEFINITE MEASURE OF SERVICE WAS ASCERTAINED.

SPACE AUTHORIZATIONS ON NOVEMBER 1, 1916, FAR IN EXCESS OF NEEDS OF SERVICE AND SUBSEQUENT REDUCTIONS WERE MADE AS SOON AS DEFINITE MEASURE OF SERVICE WAS SECURED.

Mr. KNOX on cross-examination testified as follows:

Question (by Mr. WOOD). Now, Mr. Knox, in connection with your own authorizations, I was very much interested in the manner in which you described the care with which these authorizations were made, after careful investigation; and you described in some considerable detail what was necessary before an increase in the authorization would be made. Now as a matter of fact, as compared with November 1, 1916, the authorizations throughout the country have been very greatly decreased, have they not?

Answer. I think they have, yes.

Question. So that if anything represents normal it is a decrease and not an increase in the space authorized?

Answer. The space authorized November 1, 1916, was far in excess of the needs of the service. It was authorized by division superintendents or on their recommendations after a very short time for preliminary investigation after the law passed. The superintendents, I presume—at least I did—authorized more space or recommended more space than was actually needed. We felt sure about it. As soon thereafter as we could get a definite measure of the mails handled in each unit we reduced those authorizations to accommodate the mails, and also took off service on trains where it was before in effect, which service was of no particular value. That represents not a great measure or amount of the authorizations in the field. (R. 3108, 3109.)

OPERATION OF SERVICE SUBSTANTIALLY THE SAME ON NOVEMBER 1, 1916, UNDER THE SPACE-BASIS SYSTEM AS IT WAS ON OCTOBER 31, 1916, UNDER THE WEIGHT-BASIS SYSTEM, AND SUBSEQUENT CHANGES WERE MADE TO ADJUST THE AUTHORIZATIONS TO THE NEEDS OF THE SERVICE.

Mr. SEARLE testified on cross-examination as follows:

Question (by Mr. STEWART). Aside from the restatement in that manner, where the department would raise the unit to 60 feet, where the unit was below it and it could not be stated at 30, and the other changes you mentioned, where it might have lowered the unit, the operation was exactly the same on the 1st of November as it was on the 31st of October?

Answer. Necessarily it had to be.

Question. It had continued long before that in the same manner under the weight basis?

Answer. Not perhaps in identically the same manner.

Question. But substantially?

Answer. Substantially; yes, sir.

Question. After the 1st of November it continued—the operation I am now speaking of—continued in the same manner?

Answer. Practically; yes, sir.

Question. And the changes made after the 1st of November were changes which the department made in authorizations to bring the units of space more nearly in accordance, or in accord, with the needs of the service as the department viewed it? Is that right?

Answer. I do not know what the needs of the department were.

Question. As the department viewed it?

Answer. Undoubtedly that was from their viewpoint. (R. 2126, 2127.)

REDUCTIONS IN AUTHORIZATIONS MADE BY DEPARTMENT IN ORDER TO ADJUST THE SPACE TO THE NEEDS OF THE SERVICE.

Mr. SEARLE testified on cross-examination as follows:

Question (by Mr. STEWART). You recited in a general way the reduction of these units of service represented by the sizes of cars below the authorizations that existed before the space basis became effective. Whatever may be your views about this, they were reductions made by the department for the purpose of adjusting the space to the needs of the service, as they construed it, were they not, under the space system?

Answer. Why, undoubtedly, that was one thing, but I could only judge from the effect as to what it was, that it was economy.

Question. Well, economy would probably flow from administrative acts, but I am speaking now of the primary object of adjusting the space authorized to what the department believed the needs were, and that was the purpose, was it not?

Answer. I don't know what the purpose was, other than that the reductions were made. I assumed that it was due to the desire to economize, and that they felt they could get along with less space, although, in some instances, it was a reduction, and in other cases it would have been an increase as of November 1. (R. 2115, 2116.)

PAYMENTS UNDER SPACE-BASIS SYSTEM.

METHOD OF MAKING PAYMENTS UNDER THE SPACE-BASIS SYSTEM.

Mr. CORRIDON testified on cross-examination as follows:

Question (by Mr. WOOD). How long does it take you to close your accounts with the railroad company under the space basis for, let us say, the business of a year?

* * * * *

Answer. I can say generally that the accounts for the year ending June 30, 1918, had, on December 30, been settled completely, with the exception of \$2,000 on two routes, which I will give you and put in the record. That means that out of the appropriations or the payments due of approximately \$56,500,000, the accounts of the railroads had been, by December 30, all settled, with the exception of \$2,000; that is, with the exception of routes 131547 and 167506, the entire sum of \$56,613,899.01 had been settled, with the exception of \$2,000.

error or some sort of an error committed, the account is not closed, does it not? It is still open to correction, is it not?

Answer. Such an account as would reveal a clerical error—if you will let me amplify my statement.

Question. All we are trying to get at is the facts.

Answer. We will take, for instance, if you will let me state a case where an account is not closed—we will close an account for the month of November. After closing that account, we will find that there has been an authorization affecting that account that might go back 18 months. For example, we may have found that a 30-foot car was authorized to a given division point. It may turn out afterwards that there was an error in that authorization of that service, and the company claims they are entitled to a further run on that 30-foot car with return. That would naturally affect the payments for four or five months. Such accounts were readily corrected, if there was a clerical error; but where a ruling of the department is involved, and they are protesting that ruling, the account is closed, so far as the Post Office Department is concerned.

* * * * *

Question. How long does it take, would you say, to close up the accounts of that sort, after the service is rendered? You say they drag on for months. How long do they drag on?

Answer. In some exceptional cases they may drag on for two or three months.

Question. You said 18 months a moment ago, in giving your illustration.

Answer. Well, I said it might affect accounts 18 months back, but when they are dragging on—you want to know whether an account, after we determine that there has been an error made 18 months back, how long it would take us to bring that account to payment?

Question. Assuming that you do take two or three months to do that, then you have to go back and adjust possibly 18 months, you say?

Answer. Yes; in such a case. (R. 408-413.)

He also testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Corridon, with reference to the settlement of accounts, state whether or not it is true that the great body of accounts is settled promptly monthly after the certification of service.

Answer. The system is this: We have the authorized annual rate of pay. That fluctuates daily. We take that statement of service on the last of the month, or, perhaps,

the 25th of the month. We certify to the auditor approximately 100 per cent of that amount in the case of each railroad about five days before the end of the month. We ascertain it, perhaps, five days before, in order that it may be certified to the auditor, and the checks mailed promptly to the roads. So they are paid each month approximately 100 per cent of their compensation in advance of the receipt of the affidavit upon which the service is charged. The adjustment is then made finally upon the receipt of the affidavit. If that 100 per cent has been a little too much, the adjustment is made, and the deduction is made in the next following month. That is done in order that the roads may receive their compensation promptly.

In emergency service, which amounts to 2.81 per cent, or between that and 3½ per cent of the entire compensation, those affidavits come along a little after the affidavits of the regular service. They are adjusted as rapidly as our forces can accomplish the work and send for certification.

Question. You spoke of certain parts being held in abeyance. You refer, I assume, to some part of this 2.81 per cent emergency service?

Answer. No; not altogether.

Question. Not altogether?

Answer. Because there are some of the regular affidavits that are involved also.

Question. Have you any idea of the proportional part of the amount in controversy as you described—just approximately? I don't imagine you have the exact figures.

Answer. Well, based on the last fiscal year, as I testified heretofore on December 30, there were then just two unadjusted routes, the value of the service being \$2,000. That would indicate that the entire service for the fiscal year ending June 30, 1918, was adjusted before the close of the calendar year.

* * * * *

Question. You referred in one of your answers to the 1916 authorizations. Will you state why there should be any special reason, if there is any, that accounts dating back as far as 1916 might still be in controversy, bearing in mind the fact that the basis of the service was shifted in November, 1916, from weight to space?

Answer. It was that shift, Mr. Stewart, that caused some of these readjustments.

Question. So that when the effects of the change in system had been fully worked out, there would be no such comment upon the work of adjustment?

Answer. They would be rare. (R. 427-429.)

EVIDENCE OF PERFORMANCE OF SERVICE BY RAILROAD COMPANIES.

Mr. KNOX testified on direct examination as follows:

On the basis of this authorization, the railroad company makes affidavit in a form prescribed by the department, which form is submitted by the company to the division superintendent for checking and certification. If correct in all particulars, final certification is attached to the affidavit stating that there are no exceptions to be taken. If affidavit fails to cover all service, the same is returned to the company for correction, as no payment can be made for service not covered by the affidavit of the company. If excess service is claimed due to probably clerical error, or if other clerical errors are noted not involving excess service, the certification of the division superintendent embraces the points noted as exceptions to the correctness of the affidavit. The affidavit upon being forwarded to the department by the division superintendent is transmitted to the Division of Railway Adjustments, where same is checked and payment is made on the basis of service actually performed minus fines and deductions. In order to avoid delays, the Department has adopted the practice of paying to operating companies each month 100 per cent of the authorized annual rate of compensation without waiting for the receipt of affidavits covering service. Under these conditions, the affidavit is of use principally to make deduction from payments made or to pay any increases due the company on account of additional service performed because of recently issued authorizations.

Question (by Mr. STEWART). Right there, Mr. Knox, as I understand you, the department does not wait, in making payments, for the formal presentation of these affidavits and their checking, but anticipating that, they make 100 per cent payment on the basis of the authorizations?

Answer. That is the method as I understand it; yes, sir.

Question. You may proceed.

Answer. Final settlement involving these minor changes is made once a quarter.

Question. And that is made on the checking of these affidavits?

Answer. That is made on the checking of the affidavits, which are presented either monthly or quarterly, depending upon the importance of the line. (R. 3022-3023½.)

NINETY PER CENT OF THE PAY UNDER SPACE-BASIS SYSTEM IS FOR THE MOVEMENT OF CARS WHERE THERE IS PAYMENT FOR SUCH MOVEMENT IN BOTH DIRECTIONS.

Mr. BRAUER testified on direct examination as follows:

Ninety per cent of the payments that are made to the carriers are for service that is stated in both directions, and paid for in both directions. (R. 3388.)

FIFTY PER CENT OF EMERGENCY SPACE IS PAID FOR IN BOTH DIRECTIONS.

Mr. BRAUER testified on direct examination as follows:

The emergency service * * * is 2.81 per cent of the whole business, and 50 per cent of that is carried in 60-foot cars, that are paid for both ways. (R. 3388.)

SOME PARALLEL BETWEEN WEIGHT-BASIS SYSTEM AND SPACE-BASIS SYSTEM, SO FAR AS METHOD IS CONCERNED.

Mr. FAIRFIELD testified on cross-examination as follows:

Question (by Mr. STEWART). * * * I will ask you whether it is not parallel so far as the method is concerned, one being based upon the weight carried and the other being based upon an effort to ascertain the space occupied. Is not that correct? We will leave aside any question of whether you get adequately paid or not.

Answer. Well, there might be something parallel to it. (R. 2331.)

EFFORT OF DEPARTMENT TO PAY FOR EMERGENCY MAILS HAS GONE BEYOND ANY EFFORT TO COMPENSATE ON WEIGHT BASIS FOR FLUCTUATIONS IN MAILS.

Mr. PETTIBONE testified on cross-examination as follows:

Question (by Mr. STEWART). So that the department tried to pay your company for that fluctuation under the space basis, an effort which has gone beyond what has ever been made to compensate you under the weight basis. Is not that true?

Answer. I really am unable to answer that question. I really can not conceive of any system that necessitates the clerical labor incident to writing communications and notifying and check that will save one foot of space.

Question. Well, assume that it is burdensome and it involves clerical work and all that, but are you not willing to say what is perfectly apparent, that after all that is

said, * * * it is an effort on the part of the department to pay you for that service which was never made under the weight basis?

Answer. Well, the administration of the weight basis was never administered—it never was attempted to take care of the fluctuating load.

Question. That is exactly what I want.

Answer. Because you have an incentive every day to cut off every foot that you can. You never had that incentive under the weight basis.

Question. But granting all that to be true, does not the system at the same time pay you for all the fluctuation upward, as well as reduced compensation downward, where it occurs, and in addition pays you for this volume of mail which you never did get paid for before under the weight basis?

Answer. I am not able to discern what the spirit of the orders was that emanate from the Post Office Department, but I am prepared to state that in their administration in the field the great majority of revisions are downward instead of upward.

Question. Well, you only mentioned downward, but you have heard the testimony here of other witnesses that have shown upward revisions as well as downward, have you not?

Answer. Yes, sir; some of them did.

Question. So that it might be conceded that the department is fair about that.

Now, is it not true that this emergency service is actually performed by the railroad companies in the first instance, and that all of this effort of which there has been so much criticism is an effort on the part of the employees of the Post Office Department on the one side and the employees of the railroad company on the other side to measure the extent of that additional service which has been performed by the railroad companies? Is not that correct?

Answer. Yes, sir; that is the only method by which we can be compensated. (R. 2413, 2414.)

SOME FEATURES OF RAILROADS' PERFORMANCE OF MAIL SERVICE.

HANDLING OF MAILS AT NIGHT AT LOCAL RAILROAD STATIONS.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Are you familiar with the manner of handling mails at night at local railroad stations?

Answer. Yes, sir; I am.

Question. Will you please state what that method is?

Answer. The Postal Laws and Regulations provide that mails for local stations along the line of any railroad must be handled by railway employees in the event post office is not more than 80 rods from the railroad station of that line. Paragraph 2 of section 1346, Postal Laws and Regulations, covers this point. It reads as follows:

The railroad company must also take the mails from and deliver them into all intermediate post offices and postal stations located not more than 80 rods from the nearest railroad station at which the company has an agent or other representative employed.

Question (by Attorney Examiner BROWN). I notice you say "law." Is that in the statute or is that the regulation?

Answer. That is a regulation. The book is referred to as the Postal Laws and Regulations. They come together.

* * * and the company shall not be relieved of such duty on account of the discontinuance of an agency without 30 days' notice to the department.

Section 1351 provides especially for the handling of mails at night, this section reading as follows:

Whenever the mail on any railroad route arrives at a late hour of the night, or at a time when the Government messenger is not on hand to receive it, the railroad company must retain custody thereof by placing the mail in a secure and safe room or apartment of the depot or station until called for or until the following morning, when it must be delivered at the post office, or to the mail messenger employed by the Post Office Department, at as early an hour as the necessities of the post office may require.

In connection with this section of the Postal Laws and Regulations, it is the practice of the Post Office Department, where post offices are located more than 80 rods from the railroad station, and exchanges with night trains are made, to have the messenger meet these night trains and make the exchange, taking the mails to and from the post office at the time the exchange is made.

Section 1352 of the Postal Laws and Regulations provides that when a train departs from a railroad station in the night time later than 9 o'clock, and it is deemed necessary to have the mails dispatched by such train, the division superintendent of the Railway Mail Service shall request the company to take the mails to the railroad station at such time as will best serve the interests of the mail service.

Question (by Mr. STEWART). Now, when you referred to the service to be performed by the mail messenger, that is, a departmental mail messenger, is it not?

Answer. That is a man employed by the Post Office Department on a monthly compensation basis.

In practice, the department endeavors to avoid receiving and dispatching mails at any station where a night

agent or operator is not employed by the company. In order to avoid these night exchanges, day trains are utilized to carry the mail back to the post office in question, transfer being made at some other point along the line between the night train and the day train.

Question. Now, that is the service to which reference has been made by the witnesses, as carrying the mails by and returning them on other trains?

Answer. That is the service; yes, sir.

* * * * *

Answer. If, on account of train schedules, it is found impracticable to handle mails for certain offices by returning these mails on a day train and a delay would be occasioned in the delivery of mail or dispatch from any office by rural or star route, then the company is required to make the exchange of mails with the night trains at the offices in question. If the night train stops, it is frequently arranged that the trainman take from a locked box or room in the station the mail for outgoing dispatch and place in this box or in this room mails from the train for local delivery. If a night train does not stop at station where the exchange is deemed necessary, then the company is required to place the mails on a crane from which it is taken by clerks in the moving train. The company is also required to handle the mails dispatched from this moving train. Generally, in these instances, some employee is paid overtime by the company for this particular purpose.

Question. Do you know, Mr. Knox, whether this arrangement which you have been describing is generally satisfactory to the railroads, as well as to the department?

Answer. I have had no complaints as to the arrangement in question. You mean the arrangement as to utilizing the box?

Question. Yes; and also as to carrying the mails past, rather than requiring an employee of the railroad company to be on hand to receive them.

Answer. Oh, there is never any objection on the part of the company to carrying the mail past and bringing it back on the day train.

Question. In fact, that is very often, if not generally (done), for the purpose of relieving the situation?

Answer. That is really the sole purpose for its being carried by, because, except in cases of trains that do not stop, it is more convenient for the clerks not to have to make exchanges from the night trains.

* * * * *

Answer. As I have before indicated, and as testified to by Mr. Searle, a witness for the railroads, in relation to the

handling of mails on the night trains of the Rock Island road between St. Louis and Kansas City, the department endeavors to relieve the company from this duty of exchange of mails wherever possible, the prompt handling of mails so as to avoid delay in delivery being the first consideration. Cases where companies are required to utilize the services of an employee to exchange mails at night with trains that do not stop at stations are not frequent. (R. 3058-3062.)

NIGHT EXCHANGES OF MAIL NOT MADE WHERE IT IS PRACTICABLE TO CARRY THEM BY AND RETURN BY MORNING TRAINS.

Mr. KNOX testified on cross-examination as follows:

Question (by MR. WOOD). Now, there are many sections of the West in which there are not more than one or two trains a day over a given railroad. Do not most of those trains carry mail and put it off at local stations, as they go along, and take it on?

Answer. Not where the mail can be turned back in the morning in time to make the delivery at the local, the small office. In the case that Mr. Searle mentioned, where it is done midway between St. Louis and Kansas City, the day train does not get up there early enough in either direction. Therefore they have to make the exchange, or up toward St. Louis, where the morning train starts out, the mails are taken off to a great extent, to the small offices. (R. 3063.)

NIGHT EXCHANGES OF MAIL COMPARATIVELY INFREQUENT.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). Mr. Knox, there are a great many cases, are there not, covered by your statement, in which I understand what you call night exchanges to mean the receipt and delivery of mails by the railroad company at night, which involves the employment of an extra man, or involves overtime with respect to some employee of the railroad company?

Answer. In the aggregate there are quite a number of cases. As compared with the total number of exchanges made, they are comparatively infrequent.

Question. Now, what is the proportion?

Answer. I have no figures on that.

Question. How are you able to say, then, that all over these United States the number of cases in which the

railroad companies have to pay overtime, on account of that service at night, is comparatively small as related to the aggregate?

Answer. Well, I referred to either overtime or having a man exclusively, if there is no night agent on duty. They either have to pay overtime or hire somebody. I based it upon the fact that we did not make many exchanges at night on night trains. They are infrequent. Night trains run through, exchanging only at the larger stations on many lines throughout the country. The smaller stations, where this condition prevails, are not considered to a large extent. (R. 3062, 3063.)

THE COOPERATION OF THE DEPARTMENT WITH THE RAILROADS IN RELIEVING THEM OF LABOR AND EXPENSE IN THE DELIVERY OF MAILS WHEN THE TRAINS PASS AT NIGHT.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Bearing in mind the testimony of Mr. Mack with reference to the exchange of mails at night, will you please state what your knowledge is with reference to that?

Answer. Mr. Mack referred to cases where mails were exchanged late at night or early in the morning at local points on the railroad, and at hours when the company has no other business whatever than the exchange of mails, thus forcing additional expense. He did not say anything about the cooperation which he has consistently and regularly received from the railway mail service for the purpose of avoiding all unnecessary expense. Every reasonable expedient is used which is consistent with good service. For instance, when a train passes a certain point late at night and when there is no agent on duty and an opposing train can be used so as to deliver the mail at the point addressed in time for business the next morning, and when the agent is on duty, the mail is not put off at night. But it is brought back by the opposing train and delivered in order to avoid expense to the railroad company.

Question. And that is the service to which reference has been made as carrying the mails past?

Answer. Yes. Again, railroad companies are permitted to build receptacles for mail delivered at night, in which receptacles an employee on the night train stopping at the station can place the mail, the same to be delivered by the agent to the post office the following morning. Of course that expedient could not be used in case where the schedule did not provide for stops of that train. But this

is the usual practice as far as I know, and must result in relieving the company of additional expense at local stations. Except in comparatively few instances the arrangements in force are those that were in force under the weight basis. (R. 3244, 3245.)

PILING MAIL IN CLOSED-POUCH UNITS AND DISTRIBUTING CARS.

Mr. KNOX testified on direct examination as follows:

Answer. * * * If stanchion posts are placed in baggage cars, stalls in closed-pouch units can be piled as received in station order by train baggagemen without particular difficulty, from which stalls they may be unloaded as required. Any additional mails received can be placed in the proper order with little difficulty as a rule. It should be borne in mind that 3 feet both sides of the car is paid for and that 45 sacks as a maximum are not in the unit over any great portion of the run. It is, no doubt, not so convenient to pile mails in this restricted space if the train baggageman chooses to scatter mails all over the car with express and baggage; it would probably meet with no objection from anyone connected with the post-office service, provided it is first ascertained that the mails in question can be accommodated in the unit provided, so that proper authorizations can be issued for emergency space if necessary. When mails are scattered over the baggage-car floor, space used by the mails is reduced to a minimum, and the space occupied by mails on top of trunks and baggage and boxes is that which can not be used in any other way.

Question (by Mr. STEWART). Now, Mr. KNOX, local mails are piled by the railway postal clerks in stalls in the distributing cars for dispatch from the cars at the proper point?

Answer. They are.

Question. Do the clerks have any difficulty in handling the mails in this manner in the restricted space, and if not, what bearing does this have upon the contention of the railway employees that they can not handle the mails in the same manner?

Answer. Postal clerks have no such difficulty. Mails are frequently piled in a door not necessary to be used for station service, until the train has proceeded a considerable distance out of the initial terminal. Mails of this character for local dispatch can not be piled all over the mail car or apartment car. The load carried and the distributing facilities that must be used render this practice impossible. (R. 3055-3057.)

MAXIMUM LOAD IN CLOSED-POUCH UNITS IS AT THE INITIAL TERMINAL.

Mr. KNOX testified on direct examination as follows:

Answer. The maximum load in closed-pouch units is practically in every instance at the initial terminal. Where mails are picked up en route they are usually of small volume and the quantity which has been taken on at the initial terminal is generally largely reduced before the point is reached where these intermediate mails are picked up.
* * * (R. 3055.)

STOPPING OF TRAINS FOR PARCEL POST.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). What is the practice with reference to stopping trains for parcel post, of which mention has been made in the testimony?

Answer. Parcel-post service in connection with closed-pouch trains or with apartment trains involves the requirement on the part of the railroad company to stop one train in each direction each day over any particular route to load and unload parcel-post mails. The train selected to handle these mails is invariably a local train due to stop at post offices and stations not post offices on flag signal. It is only occasionally that a train is stopped for parcel-post business alone. Even if so, this condition is due to the establishment of parcel-post service and not to the space-basis system of payment, and no relief can be afforded by any change in the method of payment to the railroad company.

Question. That is, the same practice obtained under the old system that obtains now?

Answer. The same practice obtained before the space basis went into effect as is now in effect; that is, after the parcel-post business was established.

Question. And but one train a day where such selection is made is designated, and that train is a comparatively unimportant train on the line?

Answer. Always the slowest local train on the line. (R. 3057,3058.)

REPRESENTATIONS TO CONGRESS REGARDING PAY.

REPRESENTATIONS BEFORE THE PASSAGE OF THE ACT OF 1916 THAT THE EFFECT OF THE STATUTE WOULD BE TO INCREASE THE AGGREGATE PAY OF THE RAIL- ROADS WAS BASED UPON THE APPLICATION OF THE UNIT RATES WITHOUT ALLOWING FOR ECONOMICAL READJUSTMENT OF SERVICE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). I think you stated in regard to the legislation of 1916—and I refer now to what is generally spoken of as the space-basis legislation—that it was not understood by the framers of that law that the effect of it would be to reduce the aggregate railroad mail transportation. Is that correct?

Answer. I didn't say positively it was not understood. I think I said I thought it was not understood, and I don't see how it could have been understood by anybody, how they could have anticipated the effect the space basis has had. In fact I think, rather to the contrary, there was a general impression given out that it would raise the rates \$3,000,000 when it was put in.

Question (by Attorney-Examiner BROWN). I think you stated yesterday that that was repeatedly stated during the hearing.

Answer. Yes; I think it was, and I think there is a statement—I don't want to be positive about this, but I think there is a statement in one of the annual reports of the Postmaster General a couple of years ago that there would be an increase in pay of about \$3,000,000.

Question (by Mr. STEWART). Is it not true, however, that that conclusion or statement was based entirely upon the application of the unit rate by Congress for the payment for service at that time, naturally?

Answer. I should think so. (R. 1603, 1604.)

THE INCREASE IN RAILROAD MAIL PAY REPRESENTED TO CONGRESS AS A RESULT OF THE SPACE-BASIS LEGISLATION.

Dr. LORENZ. It has been suggested to me that the question I asked some time ago about this increase not including the \$63,000,000 mail after the space basis was put in was that the rate for the space had been determined before there had been a shakedown and that the shakedown accounts for the reduction in the revenue. Is that so, Mr. Stewart?

Mr. STEWART. I will state also in connection with what the witness has said that it was represented before the Bourne Commission that the adoption of the space basis would increase the pay to railroads, that that \$63,000,000 pay is the actual figure represented in the pay by the increase in the unit rates. It was the increase in the unit rates as estimated by the department over the pay received on the weight basis for the same unit of service that was meant by that, and when the service was restated upon the rates fixed by Congress on the space basis, it automatically increased the aggregate of this \$63,000,000, and then after the service was readjusted on the basis of the needs of space for the service performed these subsequent decreases occurred. (R. 1399, 1400.)

LAND-GRANT PROVISION.

LAND-GRANT PROVISION OF LAW.

During the direct testimony of Mr. PETTIBONE, of the Northern Pacific Railway, a discussion ensued between Attorney Examiner Brown, Mr. Wood, and Mr. Stewart as to the respective contentions of the railroad and the department as to the land-grant deductions.

Mr. WOOD. Mr. Examiner, I think that probably this is as good a place as any for me to make a statement that I have wanted to put into the record in connection with the land-grant routes or the land-grant parts of routes, and that is that since the space basis has been in operation it is my understanding that the land-grant routes have filed formal protests against the land-grant reductions upon the theory that they were illegal.

Attorney Examiner BROWN. Illegal under the space system or illegal under any system?

Mr. WOOD. Well, they were not properly deducted under the provisions of the present law as related to the original legislation.

Now, I have no desire to enter into an argument upon that proposition, but it should be made to appear clearly on the record that that is the position of these railroads which have these land-grant routes.

Attorney Examiner BROWN. That is to say, in naming any plan or system that the commission may authorize or direct to be put into effect, it should not take into consideration the fact that some of these railroads are land-grant roads.

Mr. WOOD. Yes, sir.

Attorney Examiner BROWN. That is your position?

Mr. WOOD. Yes, sir.

Attorney Examiner BROWN. And you ask to present that to the commission as a matter of law?

Mr. WOOD. The attitude of the land-grant lines will be presented at the argument as a matter of law.

Mr. STEWART. I do not presume it is necessary for me to state here formally that the position of the department is that the reduction provided to apply to land-grant roads is in accordance with the act of Congress, and that following the usual rule in other cases where the commission has passed upon questions of like nature the commission has fixed a rate subject to the usual reduction by Congress; further, that the last paragraph of the statute or of the law of 1916 specifically provides for this 20 per cent reduction. (R. 2381-2383.)

FAST-MAIL TRAINS.

WHEN PREFERENCE IS GIVEN MAILES ON FAST-MAIL TRAINS.

Mr. GAINES testified on direct examination as follows:

Question (by MR. STEWART). Now, still bearing in mind, Mr. Gaines, Mr. Mack's testimony, he laid special stress upon the fast-mail trains and their relation to the mail service especially. What have you to say in regard to that?

Answer. Well, the fast-mail trains—we only have one of that designation in the division now—carry express as well as mail.

Question. I believe he made a special claim that the mail is handled on the fastest train, while express had to lay over. Have you anything to say with reference to that?

A. In the case of the Sunshine Special, I understand that that is true, but I do not know of any other cases. There may be some that would not come under my personal knowledge. I will say this, that it is, of course, a necessity for the railroad company to furnish space to satisfy the authorizations of service. It might be that on some occasions they, having to provide that definite space for the mail service, would not have room for express, and part of that would be left over. I do not doubt that occasionally there are cases of that sort; but I believe, at least in the division with which I am most familiar, they are rare. (R. 3245, 3246.)

RAILROAD MAIL SERVICE CONSIDERED DESIRABLE BY THE RAILROADS.

THE RAILROADS HAVE REGARDED THE ESTABLISHMENT AND MAINTENANCE OF MAIL SERVICE ON THEIR LINES AS DESIRABLE.

Mr. CORRIDON testified on re-direct examination as follows:

Question (by Mr. STEWART). Mr. Corridon, as superintendent of railway adjustments you have had occasion to deal directly with the railroads in reference to the establishment and continuance and maintenance of railroad mail service on their lines. I will ask you whether it is your opinion from your experience that the railroads have regarded the establishment and maintenance of service as desirable?

Answer. They have. (R. 732.)

GENERAL ATTITUDE OF RAILROADS TOWARD ESTABLISHMENT OF NEW MAIL SERVICE.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). You held the position of superintendent of railway adjustments for a number of years, did you not?

Answer. Yes.

Question. During that period it was your duty to handle the cases relating to the establishment of railway mail service?

Answer. It was.

Question. I would like to have you state what is the general attitude of the railroads, and what it has been, with respect to the desire to have mail service established and maintained upon their railroads?

Answer. As a general rule, the railroads were very anxious to have mail service established upon their lines. When a new piece of track was constructed and ready for operation, there was usually an immediate application for mail service.

Question. Did they, as a rule, employ attorneys or agents to urge their claims in that respect, as well as others, before the department?

Answer. One of the duties of their representatives was that. (R. 503, 504.)

SERVICE REQUIREMENTS AND CONDITIONS.

RAILWAY POST-OFFICE CAR SERVICE.

FULL RAILWAY POST-OFFICE CAR SERVICE DESCRIBED.

Service of this character consists of the transportation, handling, and distribution and delivery en route of mails in 60-foot full railway post-office cars.

The cars are constructed after standard plans prescribed by the Post Office Department (see P. O. D. Exhibit 2), and provided with the required interior fittings by and at the expense of the railroad company, which bears also the expense and performs the service of heating, lighting, and cleaning the cars at terminals and en route (see P. O. D. Exhibit 1, sec. 1314½, par. 24).

Under the law all new cars constructed must be of steel, and no cars can be accepted for the service or paid for unless of steel or steel underframe construction. (See P. O. D. Exhibit 1, sec. 1314½, par. 24.)

In general, the interior fittings comprise a number of upright portable steel racks in which pouches and sacks may be hung for the distribution of packages of letters and circulars and paper mails, portable distributing tables being attached to these racks; a series of overhead boxes above the paper sacks for a similar purpose; several hundred pigeonhole boxes for the distribution of letter mail, arranged in cases; and stalls or bins for piling mails awaiting distribution, local mails for delivery in transit and registered mail. The cars are also provided with lavatory and toilet facilities and a small closet for the clothing of the clerks.

All service, in a full postal car, with the exception in some instances of the piling of mail at initial point or delivery at terminal point, is performed by railway postal clerks, who are responsible for the same.

The service consists in the receipt, distribution, and delivery of mails in transit between termini. All classes of mail are handled and distributed, except that parcel post and circular mails are not distributed in such cars to any great extent. Mails received in bulk in pouches and sacks are opened and the contents separated and distributed to smaller units for delivery to post offices located on the line, to other post offices, or to connecting railway post-office lines. Part of the mail may simply be rehandled as packages into other pouches or sacks, while another part received in packages or bundles labeled to a State or to the railway post-office line will be broken and distributed piece by piece into the pigeonhole letter boxes or paper sacks. On some lines a further distribution of mail for large cities to sta-

tions or carriers is made, where by so doing a material advance in time of delivery may be accomplished.

In the storage stalls or bins only the mail for distribution, registered mail, and made-up mails, destined for local deliveries, is customarily stored, all other made-up mails being carried either in a storage car or storage space units operated in connection with the postal car. (Post Office Department Exhibit No. 60.)

APARTMENT RAILWAY POST-OFFICE CAR SERVICE DESCRIBED.

Service of this class consists of the transportation, handling, distribution, and delivery of mails en route of mails in 30-foot and 15-foot apartment railway post-office cars represented by portions of the space in combination or baggage cars of the lengths indicated.

The service is essentially the same as for full railway post-office cars in every respect as regards construction and furnishing, heating, lighting, and cleaning of cars by the railroad company, except that the law does not require that new apartment cars shall be constructed of steel. The plans for construction and interior fittings are prepared by the Post Office Department. (See P. O. D. Exhibit No. 2.)

The interior fittings, distributing racks, and cases only differ in arrangement from those in full railway post-office cars, the same facilities being furnished in lesser degree.

The service performed by railway postal clerks in apartment cars is practically the same as in full cars, except that the distribution is less general in character and is confined to a smaller territory, many apartment car lines being confined to a distribution and delivery of purely local mails and those for tributary connecting lines.

The amount of storage space in apartment cars is limited and the greater part of the space is devoted to the needs of distribution, the primary function of the car. Made-up mails are stored in storage space units run in connection with the apartment cars, usually in the baggage end of same car. (Post Office Department Exhibit No. 60.)

CHARACTER OF SERVICE PERFORMED IN FULL RAILWAY POST-OFFICE AND APARTMENT RAILWAY POST-OFFICE CARS.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Post Office Exhibit No. 2, one of the two sheets, sets forth the plans of what is known as the convertible 60-30 foot plan for mail cars. I will ask you if that sheet giving the 60-foot car and the 30-

foot car is a fair representation of the facilities provided in the railway post-office and apartment cars, respectively?

Answer. That represents the standard car. There are a number of cars in service, however, which are not standard.

* * * * *

Question. Now, won't you please take up that 60-foot car there and describe what these fittings are, and what is the function of that car?

Answer. Well, there are racks in which paper mail is to be distributed. The mail bags are hung in these racks.

Question. That is to say, you mean the mail bag is hung in a rack open, and the railway mail postal clerk takes the papers out of that bag and distributes them; is that it?

Answer. He takes the mail out of the bags containing matter addressed to this particular railway post office and distributes that mail in the sacks hanging in the racks and in the boxes which are over that rack for the reception of the papers. * * * The function of the letter case is the distribution of packages of letters addressed to that line or to some other line, for which the clerks in the railway post office make distribution.

Question. That is to say, they open the mail bags just as they would open them in the post office, and with the use of these facilities shown in the center of the car, they distribute the mail, whether letters or papers, and have it put in other sacks or other bags for carriage to somewhere else; is that right?

Answer. Yes; generally addressed to some other line, or made up for delivery in direct sacks, as we call them, addressed to some post office.

Question. * * * Now, the other distribution that is performed in that car, I would understand to be of two characters; first, the distribution of mail which may come in in different sacks, so that there will be accumulated in one or more sacks as may be necessary, mail destined for points reached by the run of that particular car; is that right?

Answer. Not necessarily limited to that.

* * * * *

Question. Then, a third function is to provide facilities for the distribution into appropriate sacks of mail destined beyond the run of that car?

Answer. Yes, sir.

* * * * *

Question. What else do they do in the railway post-office car?

Answer. They handle registered matter and carry, to any extent practicable, made-up mail. We propose to use that car to its capacity.

Question. By "made-up mail" you mean mail that requires no further distribution?

Answer. Yes.

Question. In railway post-office service?

Answer. Mail that has already been made up for final delivery, or addressed to a line, the mail for which is not distributed on that particular railway post-office handling.

Question. Yes.

Answer. Yes, sir.

Question. Now, the car function of the apartment car is just the same as the function of the railway post-office car, except it involves the use of less space, because there is less mail to be distributed; is that right?

Answer. That is true.

Question. The length of the standard railway post-office car is 60 feet, and the standard lengths for apartment cars are 30 feet and 15 feet; is that right?

Answer. That is right.

Question. Now, approximately, how much of the space occupied in a railway post-office car is given up to these facilities, and how much is there that is available for the actual transportation of the mail? If the figures are given on that plan I wish you would read them into the record, please.

Answer. That is owing to whether or not any particular car is used to its capacity for distributing purposes. If we do not need all of the rack on either side of the car for the distribution of mail the space vacated in that rack which is put in nonuse position is used for the storage of mail. Therefore, the storage capacity of the car, as I understand you had in mind, varies with the varying conditions. There is approximately 16 feet of space set aside for the purpose of storage and available for no other purpose in a standard 60-foot car, the estimated load being 240 bags, but if we had use for only 30 feet of distributing space in that car we can load that car to its capacity instead of putting it in the baggage car, and, in fact, make use of any available space and not in use for the distribution of mail. (R. 139-145.)

Answer. * * *. There is approximately 16 feet of storage space in a 60-foot car available. That is my recollection.

Question (by Attorney Examiner BROWN). Did you not state awhile ago that if you had a full distributing force in there that car would hold two hundred and some odd sacks?

Answer. No; I said the distributing force had not anything to do with it. If we had all racks and cases in use for the distribution of mail that we could carry an average of 240 sacks in the storage space at each end of this car, and that the storage of a 60-foot car in which the distributing facilities were not placed was approximately 900 sacks.

Question (by Mr. WOOD). Now, where—

Mr. STEWART. Pardon me, Mr. Wood. He means both ends, not each end.

The WITNESS. Both ends. (R. 148.)

Question. * * * You spoke of the 240 sacks as storage mail. Now, is it not a fact that of those 240 sacks probably the greater part will be mail that will be worked up in that car en route?

Answer. That is so in a great many cases.

Question. And what you mean to say is that if the distributing facilities are entirely in use then this space at each end of the car proper, there is a carriage of a total load of 240 sacks?

Answer. That is the estimate based on the average size of the sacks.

Question. And that includes the load that is distributed in that car en route, and also in sacks that may not also be distributed?

Answer. Not necessarily; no, sir. It does not include the mail that may be distributed in that car while placed at the station for advance work. It does not include the mail received en route for distribution. You understand that that is the average amount of mail that can be placed in these storage facilities at one time. (R. 148, 149.)

Question. And the proportion of the space devoted to the two classes is about the same in the apartment car, not to go through them in detail.

Answer. Not quite. The 30-foot car has a storage capacity for 129 sacks.

Question. How many feet is that?

Answer. That is about seven and a half feet, approximately.

Question. A 15-foot car?

Answer. That is on the estimate of the average sack, 15 sacks to the linear foot.

Question. And a 15-foot car?

Answer. Forty-six sacks.

Question. That would be about 3 feet?

Answer. About 3 feet 1 inch. (R. 151, 152.)

Mr. GAINES testified on redirect examination as follows that the only function of a post office performed by the railway post-office cars is distribution of mails:

Question (by Mr. STEWART). Mr. Gaines, you testified generally with reference to the character of the services performed in these railway post-office cars and likened them to a traveling post office. I will ask you if it is not true that the only resemblance is with reference to the distribution of mails, and that they do not perform any of the other functions of the post office?

Answer. That is the only comparison, from the standpoint of the distribution of the mail. (R. 211.)

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Will you please describe the character of the full railway post-office car and the apartment railway post-office car service?

* * * * *

Answer. There are two classes of railway post-office service according to the common definition, same being termed full railway post-office service, which is performed in 60-foot distributing cars, and apartment railway post-office service, which is performed in apartments constructed in cars, the latter usually being 60 feet in length. The present authorizations for apartment service are of two units, 15-foot and 30-foot. Railway post-office service such as is performed in 60-foot railway post-office cars is confined to the heavier lines where distribution is heavy and separations necessarily are numerous. Generally speaking, the interior fittings of both full distributing cars and apartment cars consist of portable steel racks in which pouches and sacks may be hung for the distribution of letter mail and packages and for the distribution of paper and for lower class mails by pieces. Portable distributing tables are attached to these racks. There are overhead boxes along each side of the car used for similar purpose and in either one end of the car or the center of the car small wooden or metal separations or pigeonholes are installed in cases for the distribution of letter mail by pieces. The cars and apartments are provided with necessary toilet and lavatory facilities with closet for clothing of clerks. (R. 3014, 3015.)

And as follows:

Question. Now, you have shown in your statements that these different functions are performed in the distributing car. Will you state what the primary consideration is in recommending an increase in distributing space in such cars?

Answer. The distribution space on line or train is authorized solely on the necessity for the number of separations of the mail necessary to be made, this necessity being determined by a personal investigation of the superintendent or chief clerk, the investigation giving particular attention to the nature of the distribution to be performed, and to some extent to the manner of working mails to be distributed.

A heavier volume of mail on any line arriving at a given terminal will require a larger number of separations than a lesser volume in order that the mails may be properly separated and not prove a burden to connecting lines and offices. The quantity of storage mail to be handled on any particular run is no index of the distributing needs. Hence, a 15-foot distributing apartment may be employed and fully meet the distributing requirements of any particular run, while in that same train it may be necessary to authorize a 30-foot unit of storage space or even a full storage car. (R. 3032, 3033.)

Mr. KNOX again testified on direct examination as follows:

Question (by Mr. STEWART). Now, will you describe the service performed in the railway post-office cars?

Answer. The service in distributing cars and apartments consists of the receipt and distribution and delivery of mails in transit and the separation of mails for all connecting lines at junction points and at the outward terminal of the run. The work is intricate and requires an extensive knowledge of the offices and railroad lines in a large territory surrounding the local run of any particular car or apartment which is in the service.

Question. These distributing cars have facilities for distributing the mails en route; they also have space for storing mails. Will you please describe the character of those two facilities?

Answer. The storage space in these distributing cars and apartments is largely used for the carrying of mails to be worked and for the carrying of first-class and registered mails made up for delivery at opposite terminal, as well as for local delivery. The standard 60-foot distributing car contains 612 stationary and 84 portable letter separations. There are also provided 234 racks and box separations for the distribution of paper mails and the pouch distribution of letter mails.

Question. Will you please describe where and under what conditions the 30-foot and 15-foot apartment cars are generally used in the service, and also state the number of separations in which the storage space is provided?

Answer. Thirty-foot and 15-foot apartments furnished under less than 60-foot distributing authorizations are designed for lines requiring less intricate distribution and a lesser number of separations than is required in which 60-foot distributing cars are authorized and used. A 30-foot apartment of the standard adopted by the department has 312 letter separations and 114 paper separations. A 15-foot apartment is equipped with 156 letter separations and 46 paper separations. (R. 3030-3032.)

Mr. KNOX again testified on direct examination as follows:

Question (by Mr. STEWART). Now, calling your attention to the work which was performed by the railway postal clerks in connection with the distributing cars, will you please explain what that is? I am not referring now to the distribution of mails, but otherwise.

Answer. There are several classes of service to consider. In full distributing cars and in apartment cars the entire bulk of the mail is handled by the railway postal clerks. In this class of service all mails are taken in the car and unloaded from the same at terminals and en route by railway postal clerks, the company having been relieved of any necessity for handling mail in connection with the movement of these cars, except on station platforms.

Q. Now, that service to which you refer is a service which comprises the 34.16 per cent, the 28.78 per cent, and the 9.61 per cent of the equated 60-foot car-miles, as shown on Exhibit 51; is that correct?

A. That is correct; yes, sir. (R. 3048.)

STORAGE CAR AND STORAGE SPACE SERVICE.

STORAGE CAR SERVICE DESCRIBED.

Storage car service is that service rendered in connection with the transportation and handling of made up mails in bulk. It may be performed either in a car fitted up with movable stanchions through the medium of which a number of stalls or compartments may be provided, or in an ordinary baggage or express car provided with no stalls or special facilities for making separations.

The cars are built and furnished by the railroad companies and the Post Office Department has not exercised supervision or control over their construction or fittings. Through cooperation of the companies, a number of roads have provided stanchioned cars for this service, but a great many of the cars operated in storage car service are without these fittings.

Storage cars are operated over comparatively few lines, those being the transcontinental or other lines where mails are heavy enough to warrant complete cars devoted to this class of service.

Taking a typical run of a storage car, between New York and Chicago, for instance; in it would be piled all mails which had already been distributed to a greater or less degree, being labeled to and destined for delivery at Chicago and points beyond. All of the sacks addressed to Chicago City would be piled in a stall or bin, labeled "Chicago City;" those addressed to places located on the line of the Chicago, Burlington & Quincy Railroad to Omaha and connections thereon, would be piled in a stall or bin, labeled "Chicago, Council Bluffs and Omaha R. P. O.;" those addressed to points between Chicago and Minneapolis over the Chicago, Milwaukee & St. Paul Railway would be piled in another stall, labeled "Chicago and Minneapolis R. P. O." (Wis. or Minn., as the case may be); stalls would probably also be necessary for Milwaukee, Wis., St. Paul, Minn., and Minneapolis, Minn., in which the mail for those cities would be piled, and mails for other cities would be similarly stalled when the quantity would warrant. This car might be fully loaded at New York, in which case it would not be opened until it reached Chicago, or it might receive additional mails at stations en route where stops were made. Paper mails and parcel post comprise the bulk of mail carried in storage cars, although in some instances, through made up pouches are handled therein.

No distribution of mails is made in a storage car, beyond that required to properly stall the sacks as they are received in the car. The work of loading and stalling is performed by employees of the railroads, who are as a rule under the supervision of a railway postal clerk when the storage cars are run in connection with a distributing car, or a postal transfer clerk when the storage car is loaded independently of a distributing car at points where such transfer clerks are assigned. Between the termini of the car run, in the former case, mails are sometimes transferred to the storage car from the postal car at stopping points en route, and vice versa, and sometimes while train is in motion. In the former case, railroad employees are required to make the transfer; in the latter case, postal employees usually perform the work, but in some cases the railroads furnish train porters for the transfer en route.

Very little heat or light is required in storage cars and that usually only at terminals, unless the car is one in which

mails are handled at intermediate points, and the usual cleaning which baggage and express cars receive is performed in the case of storage cars by the employees of the railroad. (Post Office Department Exhibit No. 60.)

PRACTICE WITH REFERENCE TO LOADING AND UNLOADING MAILS IN STORAGE CARS.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). What is the practice with reference to the loading and unloading of the mails of the full storage cars?

Answer. The full storage cars are loaded by railway employees at initial and unloaded from same at outward terminal by the employees under the supervision of railway postal clerks or transfer clerks. In connection with the handling of mails in these storage cars en route, however, the work is performed by railway postal clerks almost without exception. In a number of instances it is necessary to increase the number of railway postal clerks on a line materially in order to repile storage cars and to unload same en route and to make transfers from one storage car to another. Instances of this sort occur in practically all divisions. So far as I am aware, there are but four instances where porters employed by the railroad companies are used in storage cars en route: One of these is in connection with service on the New York Central between Buffalo and Cleveland; another in connection with service on Union Pacific lines between Sidney and Cheyenne; another instance in connection with the service on the Atchison, Topeka & Santa Fe lines, from Albuquerque west to the first meeting point with train 2; and another instance is in connection with service on the Missouri, Kansas & Texas Railway between Muskogee and Denison, where a mail porter is employed to transfer certain mails out of storage car in train 3 to postal car before arrival at Denison, Tex. (R. 3049, 3050).

REQUIREMENTS OF RAILROADS AS TO LOADING STORAGE CARS SAME UNDER SPACE-BASIS SYSTEM AS UNDER WEIGHT-BASIS SYSTEM, BUT CARS ARE NOW LOADED TO AS NEAR CAPACITY AS POSSIBLE.

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). You referred to the practice of loading storage cars under this present system. Is there any essential difference between the practice now in vogue and as it was done under the weight system?

Answer. The essential difference is that we load the cars full or as nearly full as possible now, and we were not at all particular about it under the weight basis.

Question. But so far as the requirements of the railroad companies are concerned, it is practically the same?

Answer. As to loading at the terminals; yes, sir. (R. 3190.)

TRANSFERRING MAIL FROM CAR TO CAR EN ROUTE.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Mr. KNOX, will you explain a little more particularly what this service is that is performed by the railway postal clerks in transferring the mails from car to car, and any other service to which you refer in these cars which they perform?

Answer. The mails in a full storage car, except those loaded to go through to the outward terminal, are loaded at the initial terminal in such a manner as to facilitate the unloading en route. At these local stations and junction points, postal clerks enter the cars, and turn the same over to the railway employees on a station platform. These cars also contain, for instance, out of New York City, a large amount of working paper mails for the Middle West States. After the cars leave Pittsburgh, for instance, it is necessary for the clerks, who go into the car at Pittsburgh, to carry, sack by sack, from the storage car into the distributing car, all of these sacks of mail to be handled in the working cars. This is handled, in nine cases out of ten, by a transfer, when train is en route, by postal clerks.

That covers, I think, practically all of the service performed by clerks en route, except that they take on mails at local junction points, and distribute them in the various separations already established in the storage cars. (R. 3050.)

STORAGE-SPACE SERVICE DESCRIBED.

Is approximately the same class of service as storage-car service. It is, however, performed in units of less than 60 feet in length and does not require an entire car, the service consisting of the handling of made-up mails in part of a baggage or express car, the remainder of the car being devoted to one or both of those services. Storage-space units are usually, though not always, operated in connection with full railway post-office car or apartment-car service, and accommodate the made-up mails which require no distribution en route, and in some cases mails for

distribution which may be transferred to the postal car in transit. The character of the mail carried in storage-space units is approximately the same as that carried in storage cars, except that in cases when such units are operated independently of a postal car there is likely to be a greater quantity of pouch mail than is usually carried in storage cars. The methods of piling and handling do not differ to any great extent from the methods followed in storage-car service, the loading, stalling, and delivery being performed by railroad employees. Postal employees supervise their work whenever possible, but the company is held responsible for the handling and delivery of all mails. The units of service authorized are 3 feet, 7 feet, 15 feet, and 30 feet. (Post Office Department Exhibit No. 60.)

Mr. GAINES testified on cross-examination as follows:

Question (by MR. WOOD). What is a storage car and what is its function?

Answer. A storage car is a car devoted to the storage of mails, and the authorized unit of a storage car, the authorized size, is 60 feet, inside measurement.

Question. When you say "storage of mails" you mean a car which is devoted to the carriage of mails which require no distribution en route?

Answer. That is correct.

Question. They go through in sacks and bags from one end of the run to the other?

Answer. Yes, sir.

Question. Is that right?

Answer. Not necessarily from one end of the run to the other. They may be taken on and put off at intermediate points.

Question. I see. What sort of a car is used for storage mail?

Answer. Well, a standard storage car should be provided with stanchions approximately 2 feet apart for the purpose of separating mail that is stored in that car by putting mail for a certain destination in one or more bins or compartments and keeping it separate in that way. A great many cars being used for storage purposes are not provided at this time with stanchions.

Question. What is the difference between the equipment used for the carriage of storage mail and the ordinary baggage or express car? Is there any?

Answer. The stanchions that I am speaking about constitute the difference between a proper storage car and a baggage car.

Question. And that is substantially the only difference?

Answer. That is substantially the only difference, except that a storage car would not have as wide doors as a baggage car.

Question. Well, a considerable amount of the storage mail is carried in ordinary baggage cars, is it not?

Answer. Yes, sir.

Question. I mean full cars of storage is carried in ordinary baggage cars?

Answer. Yes, sir.

Question. And a car that is used for storage mail could be used interchangeably for baggage, except where these stanchions would prevent it?

Answer. Yes. I would say that the department has now a plan for an interchangeable baggage and storage car.

Question. Yes.

Answer. With stanchions that can be put in or taken out as the needs of either the baggage service or the mail service demand.

Question. Now, there is another class of service, and that is the storage in baggage cars?

Answer. Yes.

Question. The use of storage space less than 60 feet—less than a full car?

Answer. Yes.

Question. What sort of mail is carried in that manner?

Answer. The same class of mail that is carried in the storage cars.

Question. Who makes such distribution into and out of the storage car as may be required?

Answer. The railroad company is employed to load and, under certain conditions, unload.

Question. Yes. So far as the railway post-office car is concerned, the railway company must provide the station help for loading and unloading, but the work inside the car is done by the postal clerks; is that right?

Answer. Yes.

Question. While in the storage car, the work inside the car is done by the railway employees; is that right?

Answer. Well, not invariably.

Question. It may be done by either?

Answer. Under certain conditions, we require our postal clerks to supervise the loading and unloading of mail carried in either baggage or storage cars, as far as is necessary.

Question. Yes; and where there is no postal clerk in the train, then it is handled entirely by the baggagemen?

Answer. It is.

Question. Now, the storage mail that is carried in baggage cars is carried in common with baggage or express, or both, provided there is anything of that sort to move; is that right?

Answer. Yes, sir.

Question. In other words, the car is an ordinary baggage car?

Answer. Yes, sir.

Question. And it is utilized for whatever business there may be put into it; is that right?

Answer. That is true.

Question. Who takes care of the mail in those cars?

Answer. The baggageman or an express messenger is supposed to do so.

Question. And what are the possible units of authorization for storage space in such cars?

Answer. There are 3, 7, 15, and 30 foot units.

Question. Yes. Just what does that mean? Take the 3-foot unit. What does an authorization of 3 feet mean?

Answer. In regard to the space or—

Question. Yes; in regard to the space which that gives the Post Office Department the right to use.

Answer. It means that the Post Office Department can put in that space 45 bags, or as much as 5 bags, if there is no more excess than that.

Question. I do not find anything in the statute or in the Postmaster General's petition about 45 bags. What is that?

Answer. That represents 3 feet of linear space. That estimate is based upon an investigation had in various parts of the country to determine how many average sacks could be loaded in a linear foot of space.

Question. Without regard to that number of sacks, this 3 feet of space contemplates 3 linear feet of space on each side of the car with an aisle between, does it not?

Answer. That is the way the estimate was made.

* * * * *

Question. And the same way with the 7, 15, and 30 feet?

Answer. Provided there is any necessity for passing through that car.

Question. Yes. Of course, if it is a full storage car, I suppose no aisle is necessary?

Answer. No aisle is necessary, unless there is necessity for some one passing through it.

Question. But if it is used in common with other traffic, and a passageway is required, then it is contemplated with respect to each of those units that the department

shall have that amount of linear feet on each side of the car, with an aisle between; is that it?

Answer. No; not under the count. That is not necessary.

Question. No; I am not speaking of the count.

Answer. But that is the basis.

Question. That is what I am speaking of. That is the basis?

Answer. Yes, sir.

Question. Now, in point of fact, to what extent is space measurement employed in the administration of the space basis in these what I call common cars?

Answer. Thirty feet of space is measured. Below 30 feet, for the convenience of the railroad company, we are permitting the count of mail based upon the estimate of 15 sacks to the linear foot, and it works greatly to the advantage of the railroad company.

Question. Well, did the railroad company inaugurate this count basis, or was that inaugurated by the department?

Answer. It was inaugurated by the department.

Question. As a substitute for the actual measurement of space?

Answer. As a substitute for the actual measurement of space, and to avoid the necessity of marking off space that sometimes we would not need, and that if we take the count instead of the measurement, the railroad company, in cases where the mail is running light, has the use of the part of the car not needed in that particular unit. (R. 152-158.)

Answer. I believe it will be entirely practicable from a Railway Mail Service standpoint to have those units measured off in the baggage cars and used—3, 7, and 15 feet.

Question. But it is not done that way?

Answer. It is not done at the present time that way.

Question. And the department has not required it to be done that way?

Answer. No. (R. 165.)

Mr. GAINES testified on re-direct examination as follows:

Question (by Mr. STEWART). With reference to the supervision, I will ask you whether it is not true that the transfer clerk supervises the loading of the storage units at stations, if any postal clerk is on the train?

Answer. Where we have sufficient transfer clerks, and where there is any necessity for it, we arrange to have them do that. It is not invariably true. We can use, we find, to good advantage, postal clerks to take the place of transfer clerks at points where they begin their runs,

and make a separation of mail at intermediate points. In many cases, we have no transfer clerks at even quite important points on that account. We can get the supervision necessary without those clerks. (R. 215.)

THE MANNER OF PILING MAIL IN BAGGAGE CARS.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, in the actual administration of the service, is the mail segregated in the baggage car into units of 3 feet, 7 feet, and 15 feet, piled in that manner and handled in that manner?

Answer. I wish it were, but it is not.

Question. How is it done?

Answer. These small units, for the convenience of the railroad company, are placed as they please in the car. When you are speaking of the 3-foot unit, it is placed for the convenience of the railroad company. For instance, the railroad company may have express or baggage to go off at that same point. There may be 2 or 3 sacks to go off at that same point. The railroad company, for its own convenience, can place this mail with the baggage and with the express, and save space to devote to their other uses in that way.

Question. Now, if the mail were piled in these 3-foot spaces, would it be possible to handle that mail expeditiously in and out of the car at the stations at which the mail is to be taken off and at the stations at which it is to be put on?

Answer. If it were properly loaded by the baggageman, and he knew his business in regard to the dispatch of that mail, it would.

Question. Do you think you could load all of those packages, 105 packages, to 3 feet of space, in one end of the car in such a way that the baggagemen could, with dispatch, get each one of those packages off at the proper place at which it was to be put off?

Answer. Now, I will say that that is an extreme case. I do not believe that has ever occurred in the service since the space basis went into effect. Therefore, it is theoretical, purely, and not practical. (R. 163-165.)

Mr. GAINES testified on re-direct examination as follows:

Question (by Mr. STEWART). In regard to the ascertainment of the space to correspond with these small-sized units—3 feet, 7 feet, and so forth—you referred to the practice of making such a determination upon the average number of sacks carried. I will ask you whether or not it would not be entirely agreeable to the depart-

ment if the railroad companies would make arrangement to segregate that much space in the cars and put it at the department's disposal, so that it might be used, instead of adopting this method, which seems to be to the convenience of both parties?

Answer. Personally, I would be very glad to see the space segregated in all baggage cars in which units of mail were carried.

Question. But that would be entirely practicable from every viewpoint, would it not?

Answer. I do not see any reason why it is not entirely practicable. (R. 211, 212.)

Question. Now, with reference to the practice referred to of carrying these mails which are associated with these particular small units of space over the floor of the baggage car, I will ask you whether it is true that the railroad companies carry their express and baggage in the same manner?

Answer. I believe it is.

Question. That is to say, they give the same treatment to their other articles of transportation that they do, for their convenience, to these mails?

Answer. Yes; and they encroach on our space sometimes.

Question. So it will be just as practicable and just as reasonable to require them to stack up their express and their baggage in carrying them in these cars as to require them to stack up the mail?

Answer. I think so. (R. 213, 214.)

SEPARATION OF MAILS LOADED IN STORAGE CARS AND STORAGE SPACE BY RAILROAD EMPLOYEES.

Mr. KNOX on cross-examination testified as follows:

Question (by Mr. WOOD). And you mentioned the separation of the load in the car. Now, what is the nature of the separation of the load in the car which is made by the railroad loaders?

Answer. It depends entirely upon the car on any particular line. It varies on all runs in the country.

Question. I don't mean on some particular run, but I find that a good deal of the nomenclature that is entirely familiar to you gentlemen, so that one word expresses everything that is done, is not familiar to me.

Answer. I might explain that, Mr. Wood, best by an example, say.

Question. Yes.

Answer. Take a Great Northern storage car out of St. Paul. A car is designated the Washington storage car.

In one end of the car we will place Seattle mail, direct mail or Seattle. In another end, direct mail for Spokane. At another point in the car mail for smaller points in western Washington. At another point in the car mail for smaller points in eastern Washington. And at some other place in the car there will be a pile of mixed mail for smaller places and which this railroad man and even the Railway Mail Service men at St. Paul do not know what separation to make, because they are too far away from Washington State. That is an example of the way it is loaded—four, five, six, or seven separations made in the car.

Question. As I understand you, then, after this mail has been delivered to the railroad company it has to be assembled into these separate subdivisions and piled in the car according to those separations?

Question (by Attorney Examiner BROWN). I do not understand that in a storage car, where you have it either full or part full of storage mail, you do any dropping off or taking on of the mail at intermediate points. Do you?

Answer. Oh, yes; some cars are practically unloaded and set out of the train before we reach the other terminal.

Question. Who does that?

Answer. The unloading en route?

Question. Yes.

Answer. The postal clerks. The Montana storage car in this same train 27 of the Great Northern contains North Dakota and Montana and Idaho mails. Now, by the time the car reaches Havre, Mont., the car is empty and we set it out there, as a rule, unless there is Washington mail placed in there.

Question. The postal clerks in distributing the mail, as you call it—there are no racks for distributing mails. Does he ride along in the car and throw out the mail and take it in as you go along?

Answer. They go back into that car at the larger stations and take the mail out, and, also, if there is any happens to be put in the train, they take it in. * * * In nearly every instance there is a distributing car or cars in the train. The clerks go into the storage car to do this unloading and to take on any mails.

Question. Now, generally speaking, that is not a storage car, is it? That is, that is not what is usually called a storage car. A storage car is one that is filled at point of origin and runs through to a given destination?

Answer. The cars originating at New York * * * largely run through to St. Louis and Chicago, but from St. Louis and Chicago west the cars decrease in the loads very largely, with probably the exception of a car

that goes through to San Francisco and one that goes through to Portland. The load is generally partly unloaded. Frequently the storage cars reach the Pacific coast destination with only a half load in them. We have unloaded a great deal of it before we got there.

Question (by Mr. WOOD). When you have a car that runs through between terminals there is the same separation in the loading of that car, is there not, in order to take care of the different dispositions that may be made of the mails at that terminal? That is, that that goes to one connection would be put in one pile in one part of the car, and that that goes to the terminal post office in another part of the car, and so on.

Answer. A car for Chicago would naturally contain Chicago mails for the city separate from any connecting lines, and probably there would be some separation made of mails for the different stations to go out of the car. If the car is entirely unloaded, say, at Chicago, and does not go any farther—

Question. What I am trying to get clear, the thing that I don't precisely understand, is as to the separations in cars as to which there may not be very much, if any, mail taken out in the run of the car. You still, in loading that car, observe certain separations, don't you, in order that when that car reaches the terminal the mail taken out of it will be assembled so that it may be readily dispatched on the next part of the journey?

Answer. Yes. There are separations made.

Question. So that it is customary, in loading storage cars, to make those separations according to the final destination of the several subdivisions of the mail carried in the car?

Answer. The only exception would be that if we had sufficient mail for the city of Chicago to fill the car we would put it in there without any separation.

Question. Now, in loading storage units in baggage cars where there is less than a full storage authorization, is the same thing required?

Answer. Yes.

Question. You have a 30-foot storage unit. That must be separated and mails assembled according to their final destination?

Answer. In order to facilitate the unloading at the final destination and to get the early connecting train out, those mails, at least, are held separate from the other mails that have a longer connecting time.

Question. And the same thing is true in connection with a 15-foot storage unit?

Answer. Yes.

Question. Is the same thing true with respect to the 7-foot unit?

Answer. When it gets down to as small as a 7-foot storage unit, as a rule the mail is turned over to the baggageman and he uses his own discretion as to how it should be handled, I think. (R. 3138-3142.)

NO GREATER KNOWLEDGE REQUIRED OF BAGGAGEMEN TO HANDLE MAILS THAN TO HANDLE EXPRESS.

Mr. KNOX testified on cross-examination as follows:

Question (by Attorney Examiner BROWN). Is there anything in the assertion by witnesses for the railroads here that the baggageman has to fit himself by study to determine where these bags shall go and how they shall be arranged in his car?

Answer. I don't see that he has to know any more to handle these bags than he does to handle the express which comes in in miscellaneous lots in the same car, provided that the baggageman handles the express, which he does on a great many of these runs. The express is marked for delivery at stations on the line beyond the terminal. He has to make the same separation of it. (R. 3162.)

MAILS IN STORAGE SPACE UNITS HANDLED BY RAILWAY EMPLOYEES, AS A RULE.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). How are the mails handled in baggage authorizations on less than 60-foot authorizations?

Answer. Baggage car authorizations on less than 60-foot authorizations are handled as a rule exclusively by railway employees. There are exceptions. It is noted that in the eleventh and thirteenth divisions postal clerks in certain trains load mail in the storage end of apartment cars at initial terminal in connection with railway employees, and in some instances they load and unload mail en route and at the outward terminal. In this work clerks are assisted by railway employees—the work of the former being largely of a supervisory or directory capacity. The handling of the storage units carried in oversize distributing cars is as a matter of course exclusively in the hands of railway postal clerks, except so far as the station or platform service is concerned. (R. 3051, 3052.)

**BULK OF MAIL HANDLED IN 60-FOOT STORAGE CARS
WHERE THERE IS NO OVERSIZE.**

Mr. BRAUER testified on cross-examination as follows:

Answer. The bulk of the mail, of course, is hauled in 60-foot cars, storage mail, where there is no oversize. The 30s and 15s are back on the side runs, largely, where the traffic is not heavy. (R. 3446.)

CLOSED-POUCH SERVICE.

CLOSED-POUCH SERVICE DESCRIBED.

Closed-pouch service is the transportation and handling of made-up mails in baggage cars on trains upon which no full or apartment railway post-office cars are authorized. Service of this class is entirely in the hands of the railroad company, its employees loading, handling, and delivering all the mails and being held responsible therefor. The mails handled comprise all classes, letter pouches, paper sacks, parcel-post packages, and sometimes registered mail and therein differs somewhat from storage space units in which only paper mails are principally carried. The units of service authorized by the law are of 7 feet and 3 feet—both sides of car. If more than 7 feet of space are necessary in a train, the next larger unit of storage space may be authorized, but the service would be of the same character as in the smaller units. (Post Office Department Exhibit No. 60.)

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, one other class of service, I think, we have not as yet described, and it is the closed-pouch service. What is that?

Answer. Closed-pouch service is 3 or 7 foot units of space used on trains on which there is no railway post-office service, no postal clerks employed.

Question. What is the difference between closed-pouch service and other kinds of service? What is the significance of the term "closed pouch"?

Answer. Well, closed-pouch service is service—it is mail forwarded in closed bags, where there is no opening of the bag and no distribution of it on the train.

Question. Let us distinguish the closed pouch from the storage mails in baggage cars. What is the difference?

Answer. As a rule there are only postal clerks on trains where there are units of baggage-car space of these small 3 and 7 foot unit spaces. There are postal clerks on those trains.

Question. What I am trying to get clearly on the record, Mr. Gaines, is what significance is to be given to this expression "closed-pouch service." Does it have regard to the character of the mail carried as distinguished from the mail that is carried in the storage-car service, or does it have reference to simply the set of circumstances under which it is carried?

Answer. Primarily, it doubtless was on account of the fact that on those closed-pouch trains there were loaded pouches containing letter mail carried as closed pouches, just as stated, and is distinguished from storage units in baggage cars on trains where there was railway post-office service. Primarily, I would say that that was the distinction.

Question. Well, what does the term signify now? What is a closed-pouch route as distinguished from any other kind of a route?

Answer. Trains on which there is no railway post-office service and where the units were 3 and 7 feet.

* * * * *

Question (by Mr. WOOD). Now, the mail is handled on the closed-pouch route in the same manner in which it is handled in the storage service in baggage cars in authorizations of less than full cars?

Answer. Except for the fact railway postal clerks supervise, give any necessary supervision to the loading and unloading of storage space, and do not to closed-pouch space.

Question. But they do not load or unload it, and, so far as the manner in which it is placed in the car and in which it is taken off and put on is concerned, that is done in each case by the train baggageman?

Answer. Yes; in the same way by the baggageman, except that it is not necessary for him to have the knowledge of dispatch that there is when there is no postal clerk on the train.

Question. No; and when you say "knowledge of dispatch" you mean knowledge of the location of the post offices to which these packages are directed?

Answer. Yes.

Question. Where they should be put off, what junctions they shall make, etc.?

Answer. With closed-pouch units of 3 and 7 feet, the dispatch is not at all complicated. The pouches are addressed to some station at which it is intended that the baggageman shall put those particular pouches off. It is true that on some of those trains there are larger units of

storage space, but in those cases they are confined, I believe, at all times to either through dispatches or dispatches at points where there is very considerable, if not all, of the mail to go off at one or two points. (R. 165-168.)

**DUTIES OF BAGGAGEMEN IN HANDLING CLOSED-POUCH
MAILS SAME UNDER WEIGHT-BASIS SYSTEM AS
UNDER SPACE-BASIS SYSTEM.**

Mr. KNOX on cross-examination testified as follows:

Question (by Attorney Examiner BROWN). Now, were you division superintendent up there during the weighing period?

Answer. I was not division superintendent when any compensation weighing period took place in the thirteenth division; no.

Question. Well, do you know about what the duties of a baggageman were under the weight basis as compared with that under the space basis? Were they any different?

Answer. I don't think they were any different.

Question. He had to make the distribution under the weight basis the same as he does under the space basis?

Mr. WOOD. The basis of pay was quite different.

Attorney Examiner BROWN. It may have been.

The WITNESS. It was a different system of payment.

Question (by Attorney Examiner BROWN). Well, the point I had in mind was that this distribution of the mail by the baggageman is certainly not a transportation service.

Answer. Well, it is incidental to the transportation of the mails. * * * It is not distribution. It merely consists in putting off at stations plainly addressed bags and taking on at stations addressed bags. It does not involve the distribution of any mail, as we speak of distribution.

Question. He would have to segregate it from the mass of mail he has got, the 10 sacks that he would throw off at a given town.

Answer. Oh, certainly.

Question. He would have to take on 8 or 10 sacks, as the case may be, and put them in the proper place for subsequent throwing off?

Answer. That is correct; yes, sir.

Question. He did that under the weight system and he does it under the space system. Is there any more of it done under the space basis than the weight basis?

Answer. I don't believe there is. (R. 3159-3161.)

**THE WORK REQUIRED OF BAGGAGEMEN IN HANDLING
MAILS IS NOT COMPLICATED NOR DOES IT REQUIRE
EXPERT KNOWLEDGE. THEY ARE OFTEN ASSISTED
BY THE RAILWAY POSTAL CLERKS.**

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). You heard the testimony of Mr. Mack with reference to the handling of mails in baggage cars by baggagemen, especially as to the claim that it was a complicated proceeding. Will you please state what the facts are about that?

Answer. In baggage cars operated over lines where there is railway post-office service it would seem that in the eleventh division we have gone much further than has been the case in other divisions. We are sending our postal clerks to the baggage car in many cases to unload or assist in unloading the mail, and that is done wherever there is anything like a complicated dispatch. We are having mail transferred en route in some cases, on one of the lines under Mr. Mack's jurisdiction that I will speak of later, where the local mail is transferred by the clerks from the baggage car to the mail car and locally served by them.

We have another where we put the postal clerk in the baggage car between Long View and Palestine, for instance, and he unloads the mail at the local points.

We have the same on the Little Rock & Fort Worth.

We endeavor, as far as possible, to have the local mail carried in the postal cars, and it is the rule and not the exception that the mail in the baggage cars, as far as it is possible to arrange, is for important junction points, where large amounts are to be handled, and where the baggage-master can put it out, if necessary, and for through loading, and it is not a complicated arrangement. It does not need, as far as my personal knowledge goes, expert knowledge on the part of the baggagemen to handle the mails from the baggage car in that way.

Question. You have heard the testimony of the department witnesses upon that point in other divisions. Is the service in your division substantially of the same character?

Answer. Well, I have inferred from what some of the witnesses have said that in some divisions the practice has not been followed to the extent it has in ours of having the clerks go into the baggage cars to assist in the unloading and loading of the mail. Just to what extent there is a difference I couldn't say. I am very sure that in some divisions, at any rate, practically the same arrangements are made. We have not changed at all from the rule under the weight basis. Although as a matter of fact we could

require the railroad companies' employees to handle that mail, we are making this sacrifice, you might say, in certain instances, of the time of our men for the purpose of avoiding delay to the train en route.

I have specific cases of full reports from chief clerks recently, showing just what is being done. * * * I do not want it understood that these arrangements are in force everywhere. Circumstances will alter the case. But I do not believe that there are many cases in the division where the baggagemen are called upon to make dispatches of mail from baggage cars that are any more complicated than the handling of the express matter or the baggage, for that matter. (R. 3242-3244.)

POLICY OF DEPARTMENT TO GIVE EVERY ASSISTANCE TO BAGGAGEMEN HANDLING THE MAILS.

Mr. GAINES testified on cross-examination as follows:

Answer. We put in the baggage car preferably mail for through points, carrying as far as it is possible to do so, mail for local delivery in the mail car. We put in the baggage car mail for important junction points, where there is a considerable quantity to dispatch, and as explained previously, we are rendering active assistance in cases where it is necessary, by sending postal clerks back to aid in the separation and dispatch of the mail. There may be some cases in the division where we might give further cooperation, but it has been my intention, and it has been my fixed policy, to render that assistance wherever it was brought to my attention, and it seemed a necessity of the service. I do not believe that we should expect train baggagemen to have this expert knowledge that it is claimed is necessary in the handling of the mail, and as it has come under my personal knowledge, I do not know of any case where that is true. (R. 3350.)

MAIL HANDLING BY BAGGAGEMEN REQUIRES NO GREATER KNOWLEDGE THAN THE HANDLING OF EXPRESS.

Mr. GAINES testified on cross-examination as follows:

Question (by Attorney Examiner BROWN). Let me ask you this: Is there any difference between the treatment of mail and the treatment of express in that car?

Answer. I do not believe, Mr. Examiner, that we are carrying mail in baggage cars in a way that requires any greater knowledge in the handling of it than does the express.

Question. Now, express would have to go to a junction point; express would have to be delivered at a local point, and taken on, would it not?

Answer. Yes; and we are furnishing assistance in the handling of the mail that is not furnished by any outside source in the handling of the express. We are furnishing expert knowledge on that train all the time as far as I know, where it is necessary for the proper handling of that mail.

Question. I am inclined to agree with you, that where a baggageman has to know about points on connecting lines in the distribution of mail, where he would have to have such knowledge as the postal clerk has to have, that that is not a part of the railroad business.

Answer. No, sir.

Question. And you do not require it on your system?

Answer. No, sir. If it has been required in the division, I do not know where it is. (R. 3351, 3352.)

THE RAILROADS HANDLE THE CLOSED POUCHES IN THE BAGGAGE CARS IN MUCH THE SAME MANNER AS THEY HANDLE BAGGAGE AND EXPRESS.

Mr. WETTLING, the statistician of the railway mail pay committee, testified on cross-examination as follows:

Question (by Mr. STEWART). You think they handle them just as they handle other articles in the car?

Answer. Express is handled very much that way, and so is baggage, so far as possible, and so far as practical, within the limitations of the space. They are generally, as I would like to have said if I did not make it plain, scattered through the car with that in view, so far as the limits of the space will permit.

Question. You did not intend to say, of course, I assume, that it would be impracticable for the railroad companies to place stanchions in these cars, dividing off units, stanchions, for instance, that might be removable? Could they fix 3-foot units and 7-foot units in that way and pile express or mail bags in that way?

Answer. Oh, no; it could be done, of course.

* * * * *

Question. Now, as to conditions under which the mails actually are handled, mails are often piled on top of the baggage, are they not?

Answer. Sometimes they are, yes.

* * * * *

Question. The way it is now operated the mails and express are often piled together—

Answer (interrupting). Oh, yes.

Question (continuing). For the same point?

Answer. Yes, sir (R. 1187, 1189, 1190.)

CLOSED-POUCH SERVICE NOT A DISTRIBUTION SERVICE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). In discussing the question of closed-pouch service, and in answer to one of Mr. Wood's questions, you said that that service is, in effect, a distribution service. Now, I infer you do not mean to say that it is anything like the distribution of mails in cars?

Answer. No, sir; if it was, it would cost a great deal more money to perform. (R. 1645.)

MAILS IN CLOSED-POUCH UNITS HANDLED EXCLUSIVELY BY RAILROAD EMPLOYEES.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Now, that leaves the lower units, the closed-pouch service. Will you describe what that is?

Answer. Closed-pouch service, which refers to the authorizations of certain units of space in trains where no railway postal clerks are employed, is performed entirely by employees of railroad companies, with the assistance at times, in connection with the piling of mails at initial points, of transfer clerks or railway postal clerks. (R. 3052.)

DISTINCTION BETWEEN STORAGE-SPACE UNITS AND CLOSED-POUCH UNITS OF 3 FEET AND 7 FEET.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). It is a fact that space units in the law contemplate that this closed-pouch service to be performed by a train baggageman shall be confined to 7 feet as the maximum?

Answer. That was all that was provided for in the law, 3 and 7 feet.

Question. And it is a fact that the Post Office Department has studiously disregarded that limitation, and thrown that same kind of work, under the guise of a theoretical storage unit, upon the railroad companies in space in excess of 7 feet all over the United States, is it not?

Answer. It is doubtless true that we are using on some lines—I do not think there are very many, but some—more than 7 feet on trains in which there is no postal clerk service.

Mr. STEWART. Mr. Gaines, observe the form of Mr. Wood's questions carefully. You know his tendency to shape them up in such a way as sometimes to make a

direct answer an answer which you do not understand. He says, "studiously" avoided or "studiously" construed.

Mr. Wood. Well, I will make the question in this way:

Question (by Mr. Wood). The Post Office Department has deliberately, purposely, and knowingly increased that service to be performed by train baggagemen in units in excess of 7 feet and running as high as 30?

Answer. * * * Upon a few occasions, we are dispatching mail in as much as a 30-foot unit in a car in which there is no postal clerk service, call it what you will. It should not be understood that that is closed-pouch service as seems to have been contemplated in the law—I think it was—where the baggageman would take on mail, put off mail at stations, and take on mail. There is no such operation down there. It was a fast through train, stopping at a few places, and very few exchanges, and the mail loaded, and it is a necessity to use that baggage car. We do not want to delay the mail which is there for dispatch. It is mostly through mail, and we are not imposing any distributing function upon the baggageman not provided for elsewhere in another way.

Question. It is somewhat of an extension of the train baggageman service beyond that which is specifically provided in the statute, is it not?

Answer. It was not specifically provided.

Question. Whether warranted or unwarranted?

Answer. Whether warranted or unwarranted. If you will pardon me for a suggestion, I think the closed-pouch units and the additional rates for closed-pouch service were put in the law contemplating that the baggageman would take mail on and put mail off trains at local stations, and that it was not considered that he would be required to perform such service to the extent that 30 feet of space would be necessary; neither is it necessary for exchanges en route. Most of this mail is through mail. (R. 3355-3357.)

CHARACTER OF MAILS CARRIED.

CLASSES AND CHARACTER OF MAILS DISTRIBUTED AND CARRIED IN THE SEVERAL UNITS.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. Wood). In addition to the several classes of service performed by the railroad companies, the several classes of matter carried by the Post Office Department differ, do they not—the several classes of mail?

Answer. Yes.

Question. How many classes are there?

Answer. There are first, second, third, and fourth class matter, and parcel post, including the——

Question (by Mr. Wood). What constitutes first-class mail?

Answer. It is letter mail and registered mail—anything with first-class postage on it.

Question. And second-class mail?

Answer. Publications.

Question. And third-class mail?

Answer. Well, that is miscellaneous paper mail.

Question. And fourth-class mail?

Answer. Well, the parcel post and merchandise.

* * * * *

Question. Take the railway post-office car. What kind of mail does that carry principally—first, second, third, or fourth class?

Answer. It is carrying principally for distribution, letter mail and paper mail, the parcel post being distributed very largely into "directs" in either the large post offices or in the terminal railway post offices. I will say further than that that circular mail is not distributed in railway post offices now, but in terminals and large post offices.

Question. Well, the railway post-office car, then, carries principally letter mail and a certain part of the second-class mail which goes to individual subscribers located on the route of that railway post-office car; is that right?

Answer. And to newsdealers.

Question. And to newsdealers.

Answer. It is in some cases. Well, I think I have answered your question.

Question. It carries substantially any parcel post?

Answer. For distribution, no. It carries the parcel post, but not for distribution on the trains to any great extent.

Question. But what parcel post it carries would be carried as storage mail?

Answer. It would be carried as storage mail, either in the cars or the baggage or storage cars.

Question. What kind of mail do the storage cars carry principally?

Answer. Principally parcel post and made-up mails into "directs" of the other classes—newspapers, magazines, catalogues, and all other miscellaneous paper mail.

Question. Will you say that the parcel post predominated in the storage cars in your district?

Answer. I doubt if the parcel post throughout the district is more in the aggregate than the other classes of mail.

Question. Now, in the baggage cars, what sort of mail do you carry there?

Answer. The same class as in the storage cars.

Question. And in the closed-pouch service?

Answer. Closed pouch is confined more to letter mail and to miscellaneous paper mail with some parcel post. (R. 172-176.)

Mr. GAINES testified on re-direct examination as follows:

Question (by Mr. STEWART). With reference to the character of the mail carried in the storage units, is it not true that it is principally paper mail and parcel post?

Answer. Principally paper mail, parcel post, catalogues, and matters of that class.

Mr. WOOD. What is that, Mr. Stewart?

Mr. STEWART. The character of mails carried in storage units is principally paper and parcel post mail.

Question (by Mr. STEWART). Very few pouches of letters are so carried?

Answer. * * * Very few, indeed.

Question. When it comes to closed-pouch service, that is different?

Answer. Yes.

Question. For there the pouch is made up in what is called a "direct" to a post office or to a connecting line, and necessarily carries all classes of mail; is not that true?

Answer. That is true.

Question. And it is also true that that class of service is conducted upon lines where there are no clerks to make the distribution?

Answer. To make the distribution or to supervise. (R. 214, 215.)

Mr. GAINES testified on re-direct examination that the mails move in greater volume from north to south and east to west, as follows:

Question (by Mr. STEWART). You spoke of second-class mail—that is, second class, including newspapers and periodical mails—as moving in both directions. Of course, I take it that you did not intend to be understood that they moved in all directions, east and west, in the same volume?

Answer. Not by any means. The heavy movement, I believe I stated previously in this case, in the eleventh division, is from east to west and from north to south. (R. 215, 216.)

Mr. GAINES testified on re-direct examination that parcel post mails are not generally distributed in the working cars, as follows:

Question (by Mr. STEWART). Parcel post mail, however, is carried in the storage end of the working car, where it has to be delivered en route; is not that true?

Answer. Well, that is true in some cases, and in other cases it is not. It is, of course, not true in all cases where there is so much of the parcel post that it can not be handled there, but it is to our advantage, and we desire the parcel post carried in the mail car, as far as the storage facilities there will admit. My statement about the parcel post was that it was not distributed in the postal cars to any extent.

* * * * *

Question. But is it not true that the parcel post received en route is distributed?

Answer. Parcel post received in mixed sacks is distributed en route—mixed sacks addressed to the line, passing through a town, and where the parcel post is received. (R. 216, 217.)

NINE-TENTHS OF PARCEL POST CARRIED IN REGULAR AUTHORIZATIONS AND NO COUNT OF SACKS OR PIECES INVOLVED.

Mr. KNOX testified on re-cross-examination as follows:

Question (by Mr. WOOD). Is it not a fact that more than half of the parcel post in the United States is shipped by Sears, Roebuck & Co.?

Answer. Nine-tenths of it is carried on regular authorizations, too, which does not involve any count whatsoever. A very small proportion of it involves count.

Question. Regular authorizations involve the count wherever the question of oversize car comes in, does it not?

Answer. Very little of that oversize question enters into the lines leaving this plant where Sears, Roebuck & Co. operate. They are full storage cars, and full cars paid for. (R. 3218, 3219.)

TRANSFER CLERKS SUPERVISE DISPATCH OF MAILS.

THE DEPARTMENT MAINTAINS CLERKS AT THE RAILWAY POST-OFFICE TERMINALS TO DISTRIBUTE THE MAILS, AND THE RAILWAY-MAIL TRANSFER CLERKS SUPERVISE THE DISPATCH OF MAILS BY THE TRAINS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). I believe there is a branch house of Sears, Roebuck & Co. at Dallas. Is that correct?

Answer. Yes, sir.

Question. And special reference was made to the receipt of mails from that house at the railroad station and as to the condition of the mails so received, and comparisons made with the statements regarding the character of mails received from the mail-order house in Kansas City at the Union Station at that place. What have you to say in regard to those mails and the character of them as received?

* * * * *

Answer. Now, I am not competent to discuss the Kansas City end of it, but as Mr. Mack has referred to the Dallas situation as comparable to Kansas City, I can say, as far as the Dallas situation is concerned, that he is entirely mistaken; that I do not believe in the United States there is mail sent down from a post office any better separated, if as well, as it is at that point. Sears, Roebuck & Co. are peculiarly well equipped for the handling of the business. They have very large trucks, motor trucks, in which something like 400 bags of mail can be and are stored. That mail is separated at the plant, at the Sears, Roebuck & Co. plant, where the Post Office Department maintains a corps of clerks for the purpose of distributing the mail. It comes down separated in those large vans for the various dispatches. We have transfer clerks on the platform when the trucks arrive, and the mail is handled with the greatest possible accuracy, regardless of whether the railroad company's employees know where it goes or not. It is done under our supervision. In the first place, it is properly handled in the plant and sent down separated to trains. We have trucks there on which the mail is placed, any mixed loads are placed under the direct supervision and with the active assistance, in the handling, of our transfer clerks, and, as far as I know, the fines against the railroad company at Dallas for mishandling of that stuff are negligible.

* * * * *

Question (by Mr. STEWART). As I understand you, then, Mr. Gaines, such work as is done by the railroad em-

ployees—and there is considerable of it—is practically supervised by the employees of the Railway Mail Service, between the railroad company's employees and whom there is the closest cooperation in all cases?

Answer. I think that is a fair statement of the conditions as I know them in the 11th division. (R. 3249-3252.)

LOADING AND UNLOADING OF MAILS.

GENERAL PRACTICE WITH RESPECT TO LOADING AND UNLOADING OF MAILS.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). You are familiar with the manner of handling the mails upon the trains; that is, the division of work, you might say, between the postal clerks and the employees of the railroad companies. Will you describe briefly how the mails are handled?

* * * * *

Answer. Well, generally speaking, the mails going into a railway post-office car are all loaded in the car by the mail clerks. In the full storage cars and baggage cars, the mail is handled by the railroad employee. The piling of it and sorting of these full 60-foot cars is generally supervised by a railway mail employee. The unloading of the storage cars en route differs. On some roads, the railroad employee does that. So far as my division is concerned, at local stations en route, the mail clerk takes care of that, and also takes care of the loading over the road. I think that is the general way that is followed. There are different arrangements as to that with different railroads. * * * As to the mail cars themselves, that is, the railway post-office cars, the distributing cars, the mail is taken in by the clerks.

Question (by Attorney Examiner BROWN). In both instances, that is with respect to the railway post-office and the mixed car—that is, the baggage car?

Answer. Yes.

Question. The station employees of the railroad company bring that mail up to the door?

Answer. That is correct.

Question. And in the one case, if it is a railway post-office car or an apartment distributing car, the railway mail clerk receives it at the door?

Answer. That is right.

Question. And in the other case, the baggageman receives it at the door?

Answer. That is correct.

Question (by Mr. STEWART). Do the railway postal clerks ever assist the baggageman in piling and storing the mails in the storage cars in the storage units?

Answer. In the larger units. As I said, in the 60-foot storage cars we generally have a mail clerk to supervise it.

Question (by Attorney Examiner BROWN). He is in the nature of a checker, is he not?

Answer. Yes; and helps them sort it, and in the 30-foot and in the 15s, 7s, and 3s, in so far as I know, the trainman takes care of it alone.

Question. Now, was there any difference in the manner of handling these smaller units below 30 feet, under the weight system and under the space basis?

Answer. Not that I could ever notice.

Question (by Mr. STEWART). Speaking of the handling of the mails which you referred to as sorting them, you do not mean any distribution, such as the railway postal clerks made?

Answer. Oh, no.

Question. Just, in brief, what is meant by that?

Answer. Well, I take it that it meant sorting it out for the various stations to which it should be dispatched. Now, I know that the baggagemen do do that. They sort out their express and their baggage and their mail, and pile it together. A mail clerk does not do that.

Question. That is the sorting to which you refer of the mails?

Answer. The sorting for local delivery.

Question. It is practically the same kind of sorting service which the baggageman performs with reference to his baggage and his express?

Answer. Yes. (R. 2934-2937.)

RAILWAY POSTAL CLERKS PERFORM MUCH OF THE WORK OF LOADING MAILS INTO CARS AND MUCH OF THE WORK OF UNLOADING THEM FROM CARS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, referring to the claims that have been made with reference to the loading and unloading of mails at the local stations en route, what have you to say in regard to that?

Answer. It was claimed that the baggagemen had to unload mail at local stations en route. I really have practically answered that question in my previous statement concerning the action that had been taken in the eleventh division, but I want it to be made clear that the railway

postal clerks unload all of the mail from the mail cars and storage cars except at terminals of storage car runs, and assist in unloading mail from baggage cars, at least in the eleventh division, and in others, I am sure, wherever it appears necessary for them to do so. On the lines that have been the subject of criticism at important junction points, where there is any considerable amount of mail to unload, our clerks perform more than their duty under the regulations. In fact, we have had some correspondence with mail traffic manager, Mr. Mack, in regard to some of his baggagemen refusing to have anything to do with the unloading of the mail, and it was necessary to inform him that if they did not cooperate in that respect it would be necessary for us to withdraw the assistance which our postal clerks were giving. In some cases it was interfering with the other duties of the postal clerks in the way of distribution of the mail. There has been no change in the respect of handling the mail, as I stated before, from what it was under the weight basis. (R. 3246, 3247.)

SIDE AND TERMINAL MESSENGER SERVICE.

DIFFERENCES BETWEEN SCREEN WAGON AND MAIL MESSENGER SERVICE EXPLAINED; BOTH RELIEVE RAILROADS OF HANDLING MAILS BETWEEN STATIONS AND POST OFFICES.

Mr. BRAUER testified on direct examination as follows:

Answer. * * * The difference between screen-wagon service and mail-messenger service is that the screen-wagon service is under a four-year contract, and the contractor has to furnish a bond to perform the service for that length of time. In the messenger service, the 8,600 offices that are under messenger service, the Government has a contract that can be broken either way on 30 days' notice, the messenger or the Government. That is practically the only difference. The work is about the same.

Question (by Mr. STEWART). Where this service is so installed and operated, it relieves the railroad companies entirely from the handling of the mails, does it not, excepting at the stations?

Answer. It does.

Question. And does this service generally cover the transfer between steam roads?

Answer. It does.

Question. In fact, in the large cities, it always does, does it not?

Answer. It does.

Question. With respect to 90 per cent of the mails, the railroad companies do not handle them at all, excepting upon their trains and in connection directly with their station service?

Answer. That is right. (R. 2926, 2927.)

NINETY PER CENT OF THE VOLUME OF MAIL IS HANDLED BY DEPARTMENT MAIL MESSENGERS.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Brauer, you heard the testimony of witnesses for the railroads, particularly the testimony of Mr. Mack, in regard to the handling of mails in large cities?

Answer. Yes, sir.

Question. Will you please state in what manner the mails are handled in such places and at stations on the railroads generally, between the depots and post offices?

Answer. I am referring only to the handling of the mails between the depots and post offices, or between depots.

I think you brought up the question as to the handling of the mail at Kansas City, Mr. Examiner, and the answer was that it so happened that at Kansas City the Post Office Department had a contract with the street-car company, and Dr. Lorenz asked the question if it was not a fact that the bulk of the mail was handled by the Post Office Department, and my recollection is that the answer of the witness was that he did not think so.

Now, the gross receipts of the Post Office Department for the year 1918 were \$344,000,000, in round numbers. The 55 largest offices, that is such offices as New York, Chicago, Brooklyn, Cincinnati, Milwaukee, Omaha, Jersey City, Dayton, etc., produced \$195,000,000 of that. The records of the Third Assistant show that a little better than 80 per cent of all the second-class matter and parcel-post matter originates in 50 of the largest offices.

Now, at all of these 55 largest offices, the Post Office Department takes care of the mail. There is a list of them (handing list to the attorney examiner).

Then, in addition to that, we have screen-wagon service at 208 of the next larger offices, and these offices produce about \$50,000,000 of the gross receipts.

In addition to these 263 offices, where the department handles all the mail between the depot and the post office, we have 8,600 of the next offices, making about 9,000 offices, where the Post Office handles all the mail, and it figures up about 90 per cent of the total.

Question (by Attorney Examiner BROWN). That is, your figures, taking the mail traffic as a whole—

Answer. Yes, sir.

Question (continuing)—are about 90 per cent?

Answer. Ninety per cent.

Question. That is performed by the Post Office Department?

Answer. That is right. There are about 53,000 offices over the entire country. About 33,000 of these are at railroad stations. Now, out of these 33,000, there are 9,000 of these other offices that produce 90 per cent of the mail taken care of by the Post Office Department. That would leave approximately 22,000 offices on railroads that are not so taken care of. Just how many of these post offices have no railroad agent, I do not know. Out in my country, it would run—that is, in Oklahoma, Kansas, and Arizona—it would run from 10 to 15 per cent. I do not believe it would run that high here in the East. But the question was as to the bulk of the mail, and those are the facts in the case.

Question (by Mr. STEWART). You have not mentioned anything about the offices that produced a part of this remainder of the revenues which are located on star routes and away from the railroads?

Answer. Well, those are included in the 23,000. They are all small offices, of course, but the total revenue for the 33,000 and the bulking in of all this amounts to but 10 per cent of the whole, and from that, of course, should be deducted all of these that are on star routes, far out into the country.

Now, some of these offices are supplied—a star route will start direct from the depot; some of them from post offices. It may start from the depot, and the agent does not have anything to do with it. If they start from the post office * * *, and the agent does take it up from the post office, he will handle that in connection with it. So I just left that in with the 10 per cent, Mr. Stewart.

Question. Have you a tabulated statement * * * showing these revenues from various classes of offices that you have mentioned?

Answer. I have.

Mr. STEWART. May we have that inserted in the record, Mr. Examiner?

Attorney Examiner BROWN. Yes; that may be extended in the record.

(The statement referred to is as follows:)

Terminal messenger service, Government owned or under Government contract, carrying mails between depots and post offices.

GROSS RECEIPTS.

55 largest offices (all with Government-owned or contracted service).....	\$195, 372, 661. 00
208 next larger offices (service performed by department).....	48, 920, 483. 42
1,106 first and second class offices (mail-messenger service, Post Office Department contract).....	52, 409, 833. 12
7,474 other offices having department messenger service between depots and post offices—estimated receipts..	¹ 12, 000, 000. 00
<hr/>	
Total at offices where department performs all service between depots and post offices.....	² 308, 702, 977. 54
<hr/>	
Total receipts department.....	344, 475, 962. 24
Total receipts at offices where department performs all service.....	308, 702, 977. 54
<hr/>	
Receipts at offices (about 10.5 per cent of the whole) where the carrier, to an extent, performs service between depot and post office, but from this should still be deducted the amount derived from the 20,575 offices located on star-route service away from railroads.....	35, 772, 984. 70
(R. 2921-2926.)	

THE RULE OF THE DEPARTMENT GOVERNING CLOSING HOURS FOR MAILS FOR TRAINS, DAY AND NIGHT.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Did you hear the testimony of railroad witnesses with reference to the closing hours of post offices?

Answer. Yes, sir.

Question. What have you to say in regard to that?

Answer. The testimony of the witness was to the effect that certain States had enacted legislation compelling these depots to be open 30 to 45 minutes prior to train time.

Section 529 of the Postal Laws and Regulations reads:

Mails at first-class post offices shall be closed not more than one hour, and at all other offices not more than half an hour, before the schedule time of departure of trains, unless such departure is between the hours of 9 p. m. and 5 a. m., when they may be closed at 9 p. m. At fourth-class offices day mails should not be closed until it becomes necessary, allowing a reasonable time for delivery at the train or to the carrier on star routes.

3. This regulation shall not apply to the post office at New York City, and any office may be exempted therefrom by special order.

¹ Estimated on a basis as if all of the 7,474 offices were of the fourth class.

² Fiscal year June 30, 1918.

Question. Will you please explain the significance of that rule?

Answer. Well, I do not know of any place that could not be changed where the agent is compelled to go 15 minutes before leaving time. If such cases exist, they are arbitrary, and they are wrong. A half hour leeway is given them, and even that can be changed.

* * * * *

Answer. And as to night trains, the regulations as to the small offices, fourth-class offices and small third-class offices, are that the offices shall be kept open during the ordinary business hours of the day. Now, that closes them generally at 6 o'clock, and as to the night mails, there are no reasons for having an agent on duty at night to merely go to the post office to get the mail.

Question. How is the mail handled under those circumstances?

Answer. At night offices?

Question. Yes.

Answer. Where they have no agent, and it is necessary to dispatch the mails there, arrangements have been made for the railroad company to erect a box on the depot platform, or the conductor or brakeman will throw it inside the depot and take the mail out of the depot and put it on the train. The agent, when he comes on duty in the morning, delivers it at the post office, if there is no messenger service. If there is messenger service, he carries it to the post office.

Question. Now, how is the mail taken from the post office and cared for under those circumstances where it has to be dispatched by the train arriving at night?

Answer. At the closing time of the office, they leave it in the depot, place it in the depot, providing there is no agent.

Question (by Attorney Examiner BROWN). That is to say, the delivery in that case is made by the postmaster, or his clerk, to the train?

Answer. No; if there is a messenger, the messenger makes it. If it is within 80 (R. 50., *sic.*) rods, the depot agent leaves it in the depot, and on a train coming along at night the conductor or brakeman will get it out of the depot.

Question. And then the other mail, the incoming mail, is thrown into the depot?

Answer. It is thrown into the depot, or, in some cases, they have a box arrangement.

Question (by Mr. STEWART). If it is not an agency station, how about it?

Answer. The postmaster cares for it. (R. 2927-2930.)

**THE PROVISIONS OF LAW AND REGULATION REGARDING
THE CLOSING OF THE MAILS AT POST OFFICES.**

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). On Tuesday you made reference, in connection with Mr. Mack's statement, as to the State laws and rulings of railroad commissions requiring stations to be kept open for the sale of tickets from 30 minutes to an hour. You made reference to some regulation of the Post Office Department with regard to the closing of the mails at post offices. * * * I want to know what the significance of it is in this connection, Mr. Mack having testified about the requirement that the stations should be kept open.

Answer. Mr. Mack testified in connection with that, that they had to go to the post office 15 minutes before train time. (R. 3452, 3453.)

And after some discussion, again as follows, after again reading Section 529 of the Postal Laws and Regulations:

Question. Well, now, you mean by that, that that rule of the Post Office Department gives the agent ample time to get up to the post office and get the mail back to the station?

Answer. My construction of that rule has always been that the agent should have ample time. It says as to fourth-class offices, day mails, * * * that the agent should have ample time to get the mail and get back to the depot without interfering with the State laws. * * *

Question. * * * What is the significance of the fact that at certain post offices the mails close an hour before train time and at certain other post offices the mails close 30 minutes before train time, as related to the time when the railroad representative has to get the mail? What is the relation of those two facts?

Answer. Well, my testimony was along the lines that Mr. Mack was mistaken in the 15-minute margin, or if he did have such cases in mind, that by taking them up with the department this regulation provided * * * that he should have relief. (R. 3453, 3454.)

And again, reading the statute:

All letters brought to any post office half an hour before the time for the departure of the mail shall be forwarded therein, but at offices where, in the opinion of the Postmaster General, more time for making (up) the mail is required, he may prescribe accordingly, not exceeding one hour (R. S. 3840.)

(R. 3456.)

NO COMPLAINTS FROM RAILROADS RELATIVE TO CARRYING MAILS BY STATIONS FOR RETURN ON ANOTHER TRAIN; SAME PRACTICE OBTAINED UNDER WEIGHT-BASIS SYSTEM.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Reference has been made to the practice sometimes of carrying mails by stations under certain circumstances, and the returning of it on another train. Will you describe what that is?

Answer. Well, that is done in a great many cases. Providing the return train arrives at the office in time for the rural carrier, the mail may be carried by, 100, 150 miles, and sent back on a return train, in order to relieve these night deliveries. That is done on application of the postmaster or an application of the railroad company.

Question. The mails involved are generally small under those circumstances?

Answer. Yes, indeed—small amounts.

Question. And the arrangement is mutual?

Answer. Mutual agreement.

Question. Have you ever known of any complaints from the railroads growing out of that practice?

Answer. The carrying of the mail by?

Question. Yes.

Answer. Oh, no.

Question. Did they do that under the weight system?

Answer. Yes.

Question. And they have continued the same practice under this space system?

Answer. Yes. (R. 2930, 2931.)

PRACTICE OF DEPARTMENT TO RELIEVE INDEPENDENTLY OWNED COMPANIES OF BURDENSOME TERMINAL MESSENGER SERVICE.

Mr. PETTIBONE testified on cross-examination as follows:

Question (by Mr. STEWART). You know, however, Mr. Pettibone, from your experience in railway mail service that if that particular part of your road was the only mileage that your company owned and operated, the department would take that service up?

Answer. I know instances where they (R. we, *sic*) have done that on independently owned lines; yes, sir.

Question. You know that that is the practice, do you not?

Answer. Well, I think that it can be stated that that is the practice. (R. 2400, 2401.)

And again:

Question. Now, recurring to that question of mail messenger service. The examiner asked you whether it was an invariable rule that the department requires the companies to perform this terminal service. You have had large experience in railway mail service?

Answer. Yes, sir.

Question. And therefore you must be familiar with the regulations, are you not?

Answer. I think I am reasonably so.

Question. But you did not state to the commission what the rule is, that it is only required where the department does not make other provisions for it?

Answer. Well, I think that is true; yes, sir; having in mind the wagon service and other service that is provided at the larger points.

Question. And the cases where the department releases the company voluntarily upon the applications of the companies, where the conditions are hard, such as you mentioned awhile ago.

Mr. WOOD. As in his case, where you didn't do it.

Mr. STEWART. No; such as where there is an independent line.

Answer. Independent lines, I have known instances where they have been relieved. How general that is I don't know. (R. 2403, 2404.)

COMPENSATING THE COMPANIES FOR PERFORMANCE OF SIDE SERVICE.

Mr. KNOX testified on cross-examination as follows:

Question (by Mr. WOOD). Now, can you think of any other changes in the administration of it that might be brought about, without too great disaster to the Post Office Department, and which would be helpful to the railroads?

Answer. Well, another proposition has been mentioned, and that is the question of compensating the companies for side service. (R. 3072.)

IF SIDE AND TERMINAL SERVICE WAS TAKEN OUT OF THE FIELD OF TRANSPORTATION AND PAID FOR SPECIFICALLY IT WOULD REMOVE THAT CAUSE FOR IRRITATION.

Mr. BRADLEY, general supervisor of mail traffic, Pennsylvania Railroad, testified on cross-examination as follows:

Question (by Mr. STEWART). * * * Referring to your testimony regarding the side and terminal service; of course,

if the recommendation of the railroad and the recommendation of the department, or either one, were followed, that will eliminate that question, will it not, entirely?

Answer. I should think so. (R. 2259, 2260.)

DISCUSSION OF THE QUESTION OF PAY TO RAILROADS FOR PERFORMING SIDE AND TERMINAL MESSENGER SERVICE.

The statement of Mr. Bradley led to a discussion of the subject by Messrs. Wood and Stewart, as follows:

Mr. WOOD. What is it that I understand this would eliminate?

Mr. STEWART. It would eliminate this special criticism or the special deductions that are drawn with reference to side and terminal; and the effort has been made to show the burden of the side and terminal service to the railroads. Now, as I take it, your suggestion would correct that, as would ours. I was merely calling attention to that fact.

Mr. WOOD. I was not clear about yours, because my understanding of it was your proposition contemplated that the Post Office Department should determine when we should perform it and how much we should get for it, and our proposition is based upon the theory that that is something we are not required to perform, and we will only perform it under regulations voluntarily entered into with the post office. Am I correct in stating the difference?

Mr. STEWART. There is a difference there which gives rise to your thought, in this, that in the Post Office Department's suggestion the obligation to perform it still rests with the company, but the purpose is to pay the companies for the performance of the service where they do it.

Mr. WOOD. To pay them that sum which the Post Office Department thinks is right.

Mr. STEWART. But a sum which you pay now for the actual expenditures plus the value of the time of your employees engaged in carrying the mail between two points.

Mr. WOOD. To be determined by the Post Office Department.

Mr. STEWART. To be determined by statistics which shall be rendered, I should say, in cooperation with the railroads. You could not get the information otherwise.

Mr. WOOD. I know, but cooperation, as I understand the term "cooperation" as used by the Post Office Department, means the opportunity of the railroad company to suggest or object, but that the power of final decision is in the Post Office Department. Is that right?

Mr. STEWART. I don't think you have hardly stated it correctly. Of course where administrative function rests in a public officer he must finally take the responsibility, and he could not delegate it to the railroad companies.

The WITNESS. I did not, of course, mean my answer to indorse the details of the proposition. I understood your question to be if that was taken out of the field of transportation service and paid for specifically, that it would remove that cause of irritation, and I agree to that. (R. 2260-2262.)

DISTINCTION BETWEEN SIDE AND TERMINAL SERVICE
AND INITIAL AND TERMINAL ALLOWANCE.

TERMINOLOGY OF SIDE AND TERMINAL SERVICE AND
INITIAL AND TERMINAL ALLOWANCES DISTIN-
GUISHED.

During the direct examination of Mr. Mack, the following colloquy ensued between Attorney Examiner Brown, Mr. Ashbaugh, and Mr. Stewart:

Mr. ASHBAUGH. It seems to me that if at all times in this hearing the terminal service should be applied to something entirely distinct from terminal messenger service this inaccuracy would be cleared up. Witnesses are constantly referring in this hearing to terminal service when they do not mean that. I still think if they will confine their meaning of terminal service to the switching and the loading and unloading in the terminals, and use the term "terminal messenger service" as applied to the transportation that Mr. Mack has just been speaking of, there will be no conflict of meaning at all. I would suggest the distinction between those two terms. I know of none others that will be as useful.

Attorney Examiner BROWN. I think that is a good suggestion. There is a railroad terminal service—that is, switching and loading and unloading—and it might be the duty of the carrier to do that. Over and above that there is a service which might be well called a messenger service. If we keep that distinction in mind we will probably have no difficulty.

Mr. STEWART. Mr. Examiner, I do not think that by the mere dictate of Mr. Ashbaugh you can change the terminology that has been in vogue for 30 years. When the witnesses come on the stand they talk about things that are expressed in the postal regulations or stated in the reports, and there has been no question at all about what they mean up to the present time.

When we speak of side and terminal service it means this service that Mr. Mack is now talking of. When they speak of terminal allowances as defined in this statute it means other service. I do not think there is any confusion about it. The context of the testimony at least would tell us what they are talking about.

Attorney Examiner BROWN. Probably a study of the testimony will. All I wanted to do was to clear up and, if possible, to mark the point at which the duty of the railroad ends and that of the department begins. (R. 1735, 1736.)

TERMINAL RAILWAY POST OFFICES.

RAILWAY POST OFFICE TERMINALS ARE NOT NUMEROUS, AND ARE PLACED AT POINTS ALLOWING MOST ECONOMICAL HANDLING OF MAILS.

Mr. GAINES testified on direct examination as follows:

Question (by MR. STEWART.) The relation of the terminal railway post offices to the mails, to the distribution of them, in cars, and to the space system, which has been referred to from time to time, and especially by Mr. Mack—how numerous are such terminals?

Answer. There are 47, I believe, in the United States. In listening to the testimony it struck me that it might appear that we had terminal railway post offices at every important junction point, but that is not the case. They are comparatively few. They are put at what might be called strategical points for the purpose of economical handling of the mail, and where those terminal railway post offices are located it does cause considerable double handling of the mail on the part of the railroad company. They take the mails for distribution into the terminal, the mails are there distributed and returned, and the transfer to and from the terminal has to be performed by the railroad company's employees. But it was not a fact, and of course Mr. Mack did not state anything about the number of them—it is not a fact that the number of railway post offices is great.

Question. So that any inference that might be drawn from the testimony that this additional work was very large in volume because the number of terminal railway post offices is large, would be unwarranted from the fact?

Answer. I think so.

Question (by Mr. WOOD). Would the witness say what percentage of mail is handled in terminal railway post offices?

Answer. I could not say that; no, sir.

Question. They are at all large stations, are they not?

Answer. Not at all large stations. In fact we have some terminal railway post offices where the distribution is very small indeed.

Question (by Attorney Examiner BROWN). How many have you got in your division?

Answer. I have six. (R. 3247-3249.)

SPACE STATISTICS.

[See file of department forms and instructions for reporting space (Post Office Department Exhibit No. 27).]

INSTRUCTIONS CONCERNING REPORTS OF CERTAIN OPERATIONS OF SPACE.

JOINT INSTRUCTIONS OF DEPARTMENT AND RAILWAY MAIL PAY COMMITTEE TO SECURE UNIFORM REPORTS AND NOT BINDING AS TO TREATMENT OF RESULTS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). * * * And these instructions, which were put out by the railway mail pay committee over its name, to the railroads as instructions to the railroads, were the joint product of this committee, consisting of the representatives of the Post Office Department, the representatives of the railway mail pay committee, and the representative of the Interstate Commerce Commission; is not that right?

Answer. They were put out as a guide for reporting these statistics, but with the express reservation on the part of the Post Office Department * * * —that they would reserve the right to treat the various classes of space as they considered proper. They did not acquiesce in the justness of claiming that space should go to the mail service. (R. 515, 516.)

INSTRUCTIONS UNDER WHICH THE RAILROADS REPORTED SPACE.

Mr. McBRIDE testified on cross-examination as follows:

Answer. Those were the instructions sent out by the railroad committee to that effect, if I recall them correctly.

Question (by Mr. WOOD). And those instructions were joined in by the Post Office Department?

Answer. They were accepted by the Post Office Department.

Question. They were approved?

Answer. They were approved as a method of reporting this space.

Question. They were worked out jointly by the Post Office Department and the railroad committee, were they not?

Answer. They were worked out jointly to this extent, that we agreed to permit the railroads to report the space if they wanted to. We offered no objection to any way they wished to report this space, but we expressly reserved the right to handle that space in the way that we thought was proper, after it was received. (R. 442.)

RAILROADS INSISTED ON EXCESS, UNAUTHORIZED, AND UNUSED SPACE CLAIMS BEING REPORTED IN THE MANNER PRESCRIBED BY THE INSTRUCTIONS ACQUIESCED IN BY THE POST OFFICE DEPARTMENT FOR STATISTICAL PURPOSES ONLY.

Mr. McBRIDE testified on re-direct examination as follows:

Question (by Mr. STEWART). Reference was made to the instructions sent out by the railway mail pay committee, by railroad counsel, as the joint product of the railroads, the department, and the Interstate Commerce Commission. I will ask you whether it is not true that those instructions, so far as they are concerned in this particular inquiry, were prepared by the railway mail pay committee, insisted upon by them, in order that the reports might show fully the nature of the claim they desire to make, and were acquiesced in by the Post Office Department for that purpose, and for that purpose only?

Answer. The pamphlet of instructions was prepared by the committee on railway mail pay. In that pamphlet of instructions there are various instructions that went out from the department, and are so cited in that pamphlet of instructions as emanating from the Post Office Department. This pamphlet was issued after the conclusion of the conferences between the various interests, at which all of these matters were thrashed out, and it was finally agreed upon to report the data in the form in which the final blanks and instructions were prepared.

Question. What I am calling your attention to particularly is the nature of those instructions with reference to this particular thing we are talking about now, the reporting of excess space, excess operation, etc.

Answer. Those points were insisted upon by the railway mail pay committee.

Question. And were acquiesced in by the department for the sole purpose of enabling them to have that data and

tabulate it and present it to the Interstate Commerce Commission?

Answer. That is absolutely correct.

Question. With no purpose upon the representatives of the department that they would be bound by the theories of the railroad companies in that matter?

Answer. That is right.

Question. And that we would have the privilege of presenting to the commission anything with reference to that tabulation and those reports, with our views concerning them?

Answer. Correct. (R. 532-534.)

**INSTRUCTIONS OF RAILWAY MAIL PAY COMMITTEE
OUTLINED METHOD OF REPORTING INFORMATION
LEAVING CONCLUSIONS TO BE WORKED OUT BY EACH
SIDE.**

Mr. McCahan testified on cross-examination, as follows:

Question (by Mr. Stewart). Mr. McCahan, you referred to the reports which were made by your system upon forms prepared, and you said that they were made in accordance with instructions. Do you refer to the manner in which the specific items were entered in the different columns of the reports?

Answer. I refer, Mr. Stewart, to the fact that we endeavored to comply as strictly as possible with the constructions laid down on the forms; yes, sir; as well as the instructions issued by the committee of railway mail pay.

Question. And the purpose of following those instructions was to report, as specifically as possible, all of the movements of these cars authorized and unauthorized—is not that correct?

Answer. In order to get a correct statement of the service.

Question. So that the department might have the exact figures showing the operation of the authorized space—is that right?

Answer. Of the authorized space.

Question. And that the reports might show otherwise all operation of space that might be in controversy?

Answer. Yes, sir; to show the character of space that was moved.

Question. So that the purpose of the instructions and the reports on the forms was that all the facts that might be relevant in any aspect of the case might be presented to the commission?

Answer. I think that is correct.

Question. And the instructions which you refer to were only to that effect, and did not bind either party as to any manner in which these several statements of operation should be used?

Answer. It is my understanding, Mr. Stewart, that the instructions would outline the method of reporting the information, and that the conclusions would be worked out by each side. (R. 2494, 2495.)

AUTHORIZATIONS OF SPACE A BETTER GUIDE TO SPACE USED THAN MEASUREMENTS BY RAILROAD EMPLOYEES.

THE DEPARTMENT FELT THAT IT SHOULD NOT BE DEPENDENT ON OPINIONS OF RAILROAD EMPLOYEES IN THE CARS FOR MEASUREMENT OF MAIL SPACE WHEN THE AUTHORIZATION WAS A GUIDE.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). The railroad companies wanted to have the space in the mixed cars reported with respect, not to the authorized space, but the space actually used for the mail, whether more or less than the authorization, and to have the space for the baggage reported in accordance with the actual space used for the baggage, and the same for the express. Is not that right?

Answer. On what you construe to be the actual space; yes.

Question. That was their suggestion, with respect to the mixed car, was it not, that the men in those mixed cars should determine the actual amount of space, irrespective of the authorization, whether more or less, and report that, and do the same with the baggage and the mail—is not that true?

Answer. I think that is your companies' original claim?

Question. And the reason it was not done was because the Post Office Department refused to permit it to be done in that way, but joined in this study—is not that right?

Answer. I would not want to give my recollection on that. My recollection is a little faulty there. I do not remember that particularly.

Question. But the Post Office Department did object to having the space in the mixed cars reported upon the basis of the actual used space in each kind of traffic, did it not, and insist that the space devoted to the mail should be reported simply in terms of the authorized space, irrespective of the relation of the authorized space to the used space?

Answer. We claimed that authorized space covered the used space.

Question. And you declined to be a party to any instructions or any forms which would direct the representatives in the field to report the used space instead of the authorized space, so far as the mail was concerned?

Answer. We did not feel that we should be dependent upon the opinions of the men in the cars as to what they thought was the used space, when we had an authorization to go by as a guide.

Question. So there is one place in which the instructions as put out were not the product of the Railway Mail Pay Committee, acquiesced in by the Post Office Department, but were the result of the position taken by the Post Office Department; is not that right?

Answer. Those instructions were the result of a long series of conferences between all the parties interested. All of these matters were threshed out at that time, and the instructions, as they came out, were the result of those conferences.

Question. They were the joint product of that conference of these several parties?

Answer. The joint product. (R. 517-519.)

CONTROVERSY AS TO UNUSED AND UNAUTHORIZED SPACE WOULD HAVE REMAINED, IF ACTUAL SPACE USED BY MAILS HAD BEEN REPORTED.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). So that in this particular matter which you are now criticizing, if the railroads had been permitted to issue these instructions in the way they wanted to, and if those reports were made in the manner they wanted to have them, we would not have had this controversy?

Answer. I think we would, because they still would have reported all of this unauthorized and unused operation over mileage where the mails are not carried, and return movements. (R. 520.)

CONTROVERSY WOULD NOT HAVE BEEN ELIMINATED IF ACTUAL SPACE HAD BEEN REPORTED IN THE MAIL SERVICE, AS RAILROADS WOULD STILL HAVE CLAIMED THE UNAUTHORIZED AND UNUSED SPACE.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, this whole question of baggage-car space to which, as I see it, you have directed most of your testimony, represents a controversy that could have been entirely eliminated if the Post Office Department had been willing to have the mail treated as the bag-

gage and express was to be treated, and the space actually occupied reported, whether more or less than the authorized space. Is not that so?

Answer. I don't think so, because my view is that the railroads would still have insisted on reporting this unauthorized and unused space in connection with mail movements.

Question. But so far as the actual occupation of the car is concerned this controversy would have been entirely removed if the Post Office Department had been willing to agree that in connection with the mixed car we should report the space actually occupied by each of the several classes of traffic, whether in connection with the mail the space occupied was more or less than the authorized space?

Answer. I think I just answered that question, Mr. Wood.

Question. I am not saying, sir, that there might not have been claims with respect to the unauthorized and the authorized, but I say that with respect to this question, as to the actual occupation of the car, all of this controversy would have been removed if the Post Office Department had given its consent to that suggestion of the railroads.

Answer. I can not concur in that, because controversy would still have existed as to unauthorized or unused space.

Question. But the controversy would have been entirely over a question of application and not over a question of fact?

Answer. If the companies had reported the exact space used in each of the services as they did in the express, it would, of course, have narrowed down the controversy to some extent, I think possibly, but there still would have existed this large amount of unauthorized and unused space, for notwithstanding the fact, their proposition to report the actual used space was coupled up still with this unauthorized and unused space with the mail.

Question. But it would have given to the commission in addition to all this discussion about unauthorized and authorized a report as to the actual use of the car; but the only reason that we have not got that report is because the Post Office Department would not allow it to be made. That is right, is it not?

Answer. We felt that placing the measurement of the space of the mails in so many thousand different hands, in the baggagemen, that we would not get very accurate reports. Of course, we had to accept those measurements on the baggage and express, having no way to check it, but we did have as a basis for the mail space the authorized

space, and it seemed to us that in that case, having a gauge for that space, even though in some cases it was probably considerably in excess of the space actually occupied, yet it was felt by the department that the authorized space should be reported in the mail service instead of the actual space occupied by that service, measured by the baggage-man. (R. 3920-3922.)

THE SPACE WAS FULLY MEASURED BY THE AUTHORIZATIONS.

MAIL AUTHORIZATIONS FULLY MEASURED THE SPACE OCCUPIED BY THE MAILS AND WAS LIBERAL.

Mr. McBRIDE testified on re-direct examination as follows:

Question (by MR. STEWART). * * * Now, with reference to the reporting of the mails on the basis of the authorizations, I will ask you to state whether the authorizations were made upon observation and experience and the judgment of the postal officials, whose duty it was to handle the mails that were to be carried in such authorized spaces?

Answer. That is true.

Question. So it must be presumed fairly that these authorizations fully measured the space occupied by the mails?

Answer. Correct.

Question. Have you any information as to whether that measurement was a liberal one?

Answer. I have. I would invite attention to Exhibit No. 55, which shows for certain selected railroad companies, and representing average conditions, the maximum and minimum number of sacks and pouches in a car at any one time, carried in units of storage space and closed pouch space during the week of April 12 to 18, 1917, reported by the railroad companies on Form R. M. P. No. 6. In this we have shown for a number of companies in different parts of the country the maximum and minimum number of sacks in a car at any one point on various trains on various routes of those companies, and, as well, showing cases in which emergency space was authorized.

Question. Now, what does that show, in brief?

Answer. It shows that in a great many cases, a number of sacks, very much less than the unit adopted, was carried in those units of space. (R. 535, 536.)

EXCESSIVE CLAIMS MADE BY THE RAILROADS CHARGEABLE TO THE MAILS IN THEIR REPORTS OF SPACE OPERATED.

SIXTY-FOOT RAILWAY POST OFFICE CAR SERVICE.

- (A) THE RAILROADS CHARGED TO THE MAILS ALL EXCESS OVER AUTHORIZATION OF 60-FOOT RAILWAY POST OFFICE CARS, IN THE SAME MANNER AS IN OTHER CAR CASES.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now let us take up the question of the full railway post office cars. And I refer first to those cases that fall under the classification of excess over authorized length. That mileage is tabulated in column 2 of Post Office Department Exhibit 48, and I assume that it is covered also in one or the other of these subdivisions of your car-miles excess over authorization, I believe?

Answer. Yes, sir; under column 4 for the 35 days and under column 5 for the 30 days, opposite the letter N, down the line.

Question. Now, practically everything you have said in regard to the storage car, so far as it relates to oversize, applies to this car, does it not?

Answer. Pretty much so; yes, sir, excepting, however, that it was my understanding that for the most part the 70-foot cars in the case of the railway post office were built with the full consent of the Post Office Department, and recognized as a special service.

Question. That is, you understood that there were certain cars which were constructed by some of the railroads, 70 feet in length, under permission of the Post Office Department?

Answer. Yes, sir; under the permission. I guess I went too far when I said "agreement," or if I used a word so strong as that.

Question. And that so far as you now know is the only thing that differentiates these cars or this class of cases as arises under the operation of these cars from the storage car proposition that we have discussed?

Answer. Yes. (R. 1247, 1248.)

Question (by Mr. STEWART). Let us take, to illustrate, this class of claim—the case of the New York Central full railway post office on route 107560. Assuming that these facts be correct—and I am predicating my question upon

that—there was a car 61 feet long, and the total full railway post-office car—excess operation shown for such cars on that route was 643,388 miles.

Answer. Car-foot miles for the 35 days. Yes, sir; that's right.

Question. That was charged entirely to the mails?

Answer. It was, completely.

Mr. WOOD. And you think that extra 1 foot in that car ought to have been charged to the passenger? Is that right?

Mr. STEWART. Under this ascertainment we have charged it to passenger.

Question (by Mr. STEWART). Now, Mr. Wettling, is it not true that the department never made any plans for a 61-foot car?

Answer. I never saw any, Mr. Stewart.

Question. And if the New York Central built a 61-foot car and operated it, it certainly was for their own convenience and at their own instance?

Answer. I can not conceive of just what the reason was. I am not able to tell you.

Question. Your opinion is, is it not, that it did not grow out of any requirement of the Post Office Department?

Answer. Oh, I assume not—not any more than the building of a 59-foot and 11-inch car that you spoke of the other day. (R. 1249, 1250.)

Question. Now, referring to description under A, we have there as related to this particular inquiry, full railway post-office car was authorized between points A and B, was run by the railroad company beyond the authorized distance between B and C. This excess operation was tabulated and all charged to the mails?

Answer. You are referring now strictly to full railway post-office cars?

Question. Full railway post office.

* * * * *

Question. Now you charged all of that to the mails?

Answer. Yes, sir.

Question. And the only reason you have for that is the same reason that you have given with reference to the charging of this other space under similar conditions?

Answer. That is the same reason as given for the full-storage car where it was carried beyond the point, where the controversy probably was because of the question whether or not it was a division point for that purpose, or to meet an authorization in the return direction on the next day, or something of that nature.

Question. Now, you are speaking of a supposititious case? You do not know that any of those cases were of the latter class?

Answer. I don't know it; no, sir. We have got it transcribed here as covering anything of that nature. (R.1251, 1252.)

Question. Now, refer to the operation classified under B on the Post Office Department Exhibit No. 47, where the full railway post-office car was authorized six or less times a week, but the company ran the car on other days of the week. Now, that excess operation was charged to the mails entirely?

Answer. Yes, to the extent of 71,252 (car-foot miles) (R. feet, *sic*).

Question. And you have no other reason for that than the reason you have given in regard to the other operations?

Answer. None; no, sir.

Question. It is practically the same.

Answer. Yes, sir.

Question. Was not this operation substantially the same under the weight-basis system as under the space-basis system?

Answer. I think so.

Question. It was?

Answer. Except that it was more extended under the weight basis, as I understand it. That is, there have been considerable reductions of car mileage in 60-foot railway post-office cars—20 per cent, for instance, between November 1, 1916, and April, 1918.

Question. As representing the authorizations of the Post Office Department to take care of the service, if desired?

Answer. Yes, sir. That is what I assume, of course. (R. 1252, 1253.)

Question. Before leaving the full railway post-office cars, I would like to call your attention to this case as illustrating some of the excess falling under this general description.

This was an operation on the Panhandle & Santa Fe Railroad between Newton, Kans., and Amarillo, Tex., and Clovis, N. Mex. There was a 60-foot car authorized between Newton and Canadian. On this particular route it began at Oklahoma-Texas State line and ran to Canadian, 28 miles. A 30-foot authorization—the authorization was changed at Canadian to a 30-foot authorization, and continued 98 miles to Amarillo, where the authorization was entirely discontinued, but the company carried the 60-foot car on from Canadian to Amarillo, and beyond Amarillo 103 miles to Clovis. There was in the same train an authorization of 7-foot closed pouch on train 117, and a 3-foot

closed pouch on train 114, in return, in effect between those points, and the forms show that the company carried this mail so authorized in those closed-pouch units in the mixed car, not in this railway post-office car, which ran wholly empty between Amarillo and Clovis and also in return empty. The 60-foot car was claimed, as I say, clear through and return, making an excess authorization claim of 433,000 car-foot miles. At Canadian the time between arrival and departure was 10 minutes, at Amarillo it was 25 minutes, at both points giving ample time to change cars. You charged all of that excess operation to the mails, did you not?

Mr. WOOD. I should like to ask Mr. Stewart what is the basis of his statement that 10 minutes and 25 minutes gave ample time to change the cars?

Question (by Mr. STEWART). I will modify my statement and say that the time at Canadian was 10 minutes and the time at Amarillo was 25 minutes.

Attorney Examiner BROWN. There is a Harvey dining station at Amarillo.

Mr. STEWART. Let the conclusion be drawn from that fact by anyone that is familiar with the operation.

Question (by Mr. STEWART). I am asking you, Mr. Wettling, whether you did not charge to the mails that entire operation.

Answer. You say it was a full railway post-office car?

Question. Yes, sir.

Answer. The entire amount charged against full railway post-office cars here for excess space is 212,100 *car-foot miles* (R. cubic feet, *sic.*). I can not see how that could contain the 433,000 in excess space. If you desire, I shall be glad to tell you how I think so much of it as was proper was transcribed, or the manner in which it was transcribed into the returns of the Santa Fe Railroad. I can not, of course, hope to follow all these things out in detail and have them all in mind. I have a few of these things transcribed, but to tell you the operation of any particular train exactly would be simply impossible. You realize that, of course.

Question. Oh, yes.

Answer. I can tell you, though, from the theory as to how we would probably have done that. If I do not follow you right in the measurements that were referred to there either as to mileage or space, I wish you would correct me, because that is rather a long question, and I have not the most vivid memory in the world.

My understanding is that from Canadian to Amarillo, 98 miles, the car which had up to Canadian been a 60-foot car,

was reduced to 30-foot, running to Amarillo from Canadian, at 30 feet. That 30 feet would be charged in both directions for the 98 miles as unauthorized space. We would not call that excess in that case. From Amarillo to Clovis—110 miles, I think you said—

Question. One hundred and three miles.

Answer. One hundred and three miles. Thank you. If there were no facilities for doing the switching at Amarillo or there were no yards, or if, on the other hand, there was an authorization which demanded the presence of that car on the return movement of some kind at Clovis, the other 103 miles in both directions would be charged for 60 feet unauthorized. Judging from the total amount of space in the particular classification, that is one of the horrible examples and would not be very many like that found.

* * * * *

Question. It is charged to the mails?

Answer. Yes, sir. That is our theory, and there is no use in denying it.

Question (by Attorney Examiner BROWN). What is the difference between the 400,000 and the 200,000? Where does that come in?

Answer. It has probably been put in another space. Mr. Stewart called it excess space.

Mr. STEWART. It is all there, Mr. Examiner, but in a different place.

Question (by Attorney Examiner BROWN). Well, then, how do you justify the charge of 103 miles in both directions from Amarillo to Clovis?

Answer. I just can not exactly tell you why they had to run that train that way. They certainly would not run a 60-foot car weighing 55 or 65 tons from Amarillo to Clovis unless there was some mighty good reason for it.

Question. Apparently they did.

Answer. They certainly ran it, because we have got it charged up here, if the example stated is correct, and I have no doubt it is. It is an unusual one.

Question (by Mr. STEWART). And they had 25 minutes at Amarillo to make the change?

Answer. That is altogether possible. I don't know the schedule nor I don't know the schedule of the other place.

* * * * *

Attorney Examiner BROWN. What is the exact position of the Post Office Department in reference to this space unauthorized to points beyond which a 60-foot car like the very one you cite? What is your position in regard to that?

Mr. STEWART. Our position is that the authorization having conformed to the needs of the department and having been made with reference to the ability of the company to make a change of the consist of its trains——

* * * * *

The department should be charged in this ascertainment of a fair and reasonable rate with the actual operation as conforming to the needs of the department, and if the company sees fit, for its own convenience or for any other reason whatsoever for which the department is not responsible, to run that car beyond, they should not charge the car to the mails; and they have done it in this case and they have done it in every other case, and there is not a single question where the space is in controversy, this class of case or any other kind of case, that they have not charged the entire operation to the mails.

Mr. WOOD. And you charge them where?

Mr. STEWART. We participate in much there.

Mr. WOOD. This particular case, please.

Mr. STEWART. Some of it we charge to the passenger.

Mr. WOOD. This particular kind of space which the examiner was talking about—what do you do with that?

Attorney Examiner BROWN. What I was driving at, you charge the 60 feet up to Canadian, 30 feet to Amarillo, and nothing beyond?

Mr. STEWART. To the mails.

Attorney Examiner BROWN. Yes.

Mr. STEWART. We charge 60 feet up to Canadian, 30 feet from Canadian to Amarillo, because at Canadian there is an opportunity to change the consist, and nothing, of course, to the mails beyond that, because no authorization is made, and they have 25 minutes in which to change the cars.

* * * * *

Mr. WOOD. Now, I don't think the examiner's question has been answered, not to my understanding. What does the Post Office Department do with the 30 feet from Canadian to Clovis—to Amarillo, and what does it do with the 60 feet from Amarillo to Clovis?

Attorney Examiner BROWN. He says they charge it to the passenger.

Mr. STEWART. Charge it to the passenger on the ground that it is wholly uneconomical operation for which the mail should not be responsible in any degree.

Attorney Examiner BROWN. In other words, your contention amounts to this, that it is either negligent operation or a scheme to pad the space. Is that the idea?

Mr. STEWART. That is it. (R. 1253-1257, 1259-1262.)
Regarding the operation of cars, Caldwell, Kansas, and Fort Worth, Tex., Mr. Wettling testified as follows:

Question (by Mr. STEWART). What do you say to this operation on route 153537, Caldwell and Fort Worth—

Mr. WOOD. What railroad?

Mr. STEWART. That is in two parts, the Chicago, Rock Island & Pacific, Caldwell to Terrell, and part second, Chicago, Rock Island & Gulf, Terrell to Fort Worth.

Question (continued). There was a 60-foot full railway post-office car authorized from Caldwell to Fort Worth; from Fort Worth to Dallas on route 150121, Chicago, Rock Island & Gulf, there was a 3-foot unit authorized. The company ran its car through from Caldwell to Fort Worth and beyond to Dallas over this route and claimed the full operation for the deadhead movement in both directions, amounting to 147,000 car-foot miles for the operation of that 60-foot car.

Now, do you say that that operation was necessary or was it a foolish operation, such as you have mentioned?

Answer. Well, sir, I don't know.

Question. You have no—

Answer (interrupting). I have here 147,000 car-foot miles under "unauthorized," which is the grand total for the 35 days of the Chicago, Rock Island & Gulf. That is probably the movement you have reference to, and the only charge in there—I know the Rock Island people pretty well. I know they are not running cars around when there is no necessity for it.

Question (by Attorney Examiner BROWN). Where is the divisional point on the Rock Island? Do you know whether it is at Fort Worth or Dallas?

Answer. No, sir; I do not.

* * * * *

Question (by Mr. STEWART). That is all the explanation you have to make of that?

Answer. Yes, sir; from the general tabulations. I would not attempt to make a further reference to it. I will ask Mr. Searle to tell me a little about that. He can probably explain the matter more definitely and give more details. (R. 1270-1272.)

(B) THE RAILROADS CHARGED TO THE MAILS THE EXCESS SPACE IN 70-FOOT CARS ON 60-FOOT AUTHORIZATIONS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, I wish, before leaving the question of the full storage car, to refer to the claim that has been made for excess authorization in these full cars on account of the fact that the authorization is for a 60-foot car, or 60-foot or more, and the company runs a car oversize, say, 65 feet or 70 feet, and that excess space is not used by the mails, but was reported by the companies in connection with the mails and tabulated on these forms, your forms and our forms, indicating an excess over authorized space in full railway post office and full storage cars. Now, that space you charge entirely to the mails?

Answer. Yes, sir; I did. I don't know, of course, definitely as to its use, excepting that I know that where a 70-foot car was furnished to comply with a 60-foot authorization, the 10 feet of space was charged in excess over authorization for the whole distance of the authorization in both directions.

Question. Now, if the Post Office Department was in no wise responsible for that 10 feet in the car, on what theory do you justify your charge to the mails?

Answer. I can only justify it on the theory that the car had been originally built pursuant to some agreement or understanding between the Post Office Department and the railroad company. If the railroad company deliberately built a 70-foot car and knew that the authorizations were always 60 and no chance for needing anything beyond 60 feet, built on the theory of the past, possibly, that with the gradual increase from year to year the time would come when the Post Office Department would require more space, why, there is no justification for it, excepting under that condition, of course. They were built in the times of the weight basis of pay, and the railroad company probably, where the matter occurred, had built those cars with a view to meeting the increase as it gradually came along from year to year, and possibly to avoid running an additional car, which would be a proper economical theory and plan for building. Now, nobody could blame them for that. But strictly under the space basis, if it had been designated before these cars were built, I doubt very much if there would be a single 70-foot storage mail car in existence to-day. (R. 1233-1235.)

Question (by Mr. STEWART). No restriction about the use of storage car—only with reference to a railway post-office car. And with reference to the practice before the law of 1916, the law did provide the maximum railway post-office car as 60 feet.

Attorney Examiner BROWN. And for how many years did that obtain?

Mr. STEWART. Oh, it has obtained since 1873. (R. 1236.)

Question (by Attorney Examiner BROWN). Now, supposing that the Post Office Department did not require and did not use that 10 feet, but it was part of the consist of the train run from day to day, why would it not have been—if you can give your reasons—equitable and just to have charged that 10-foot to passenger?

Answer. Because the passenger could under no condition possible use it. As I said before, if this space theory or scheme had been conceived before these 70-foot cars were built there would be no 70-foot cars on the rails to-day. (R. 1240, 1241.)

Question (by Attorney Examiner BROWN). Well, the principle would be precisely the same, would it not, Mr. Wetting, if the Post Office Department required a 30-foot and you furnished a 70-foot car?

Answer. Well, I should not say it would carry quite that far.

Question. Well, now, where would you draw the line?

Mr. WOOD. You mean without any use for the other 40 feet?

Attorney Examiner BROWN. Yes.

Mr. WOOD. Just as in the case of furnishing a 60-foot car?

Attorney Examiner BROWN. Yes, with the 10 feet, the principle is the same.

Answer. Well, I can not conceive why they should do that, excepting under the conditions recited in the 30-foot authorization, where our consist was so made up that our train was full and there was no 30 feet available.

Question (by Attorney Examiner BROWN). That is, you had no 30 feet, you had no 60 feet, the only car you could use was a 70-foot?

Answer. Yes, sir.

Question. Then on the same principle you would charge the mails the 40 feet not used?

Answer. Not in quite the same sense that it is charged here; no, sir. Not in that same sense.

Question. Well, in what sense would you charge it?

Answer. Well, it would be charged here as unused space under the symbol K designated by Mr. Stewart a while ago.

Question. You would just simply occupy another place in the test?

Answer. Which was furnishing space because of the lack of other facilities or the lack of space within the consist of the train to furnish that space as required.

Question (by Mr. WOOD). The only real difference is this, is it not, that in the one case you charge as unused space the difference between the authorized and the unused space in a car which did not conform with a unit specified in the law, and in the other case the difference is between the space authorized and the space actually used which was itself larger than the unit specified.

Answer. Generally that is the theory, of course.

Question. You did the same with both—charged them to the mail?

Answer. Oh, yes; we charged them both to the mail, but under different classifications. (R. 1241-1243.)

(C) THE RAILROAD'S CLAIM OF OPERATION OF UNAUTHORIZED SPACE IN CONNECTION WITH RAILWAY POST-OFFICE CAR SERVICE OVER MILEAGE NOT AUTHORIZED. CHICAGO, ROCK ISLAND & GULF RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

Well, I will cite the case of the Chicago, Rock Island & Gulf route 150121, where the authorization is for a 60-foot railway post-office car 35 trips from Terrell to Fort Worth. Operation of the 60-foot car is claimed between Fort Worth and Dallas, 35 miles farther, for the round trip, not being used for any purpose by anybody.

Question (by Mr. WOOD). Now, that is the same case that Mr. Searle explained, is it not?

Answer. The same case that was under discussion during his testimony.

Question. You say it was not used?

Answer. Not according to the space reports submitted.

Question. And his testimony is that it was run over there under an arrangement with your superintendent to get the mail at Dallas and work it back to Fort Worth for another train in order to avoid delay at Fort Worth?

Answer. Then I don't understand why the railroads reported it on Form 2 as not used. This is taken direct from the space report for the weight route 150121, and no claim is made that any mails were carried therein. (R. 3830.)

(D) UNAUTHORIZED SPACE CLAIMS IN CONNECTION WITH OPERATION ON DAYS NOT AUTHORIZED OF FULL RAILWAY POST-OFFICE CARS, NEW YORK, NEW HAVEN & HARTFORD RAILROAD.

Mr. McBRIDE testified on direct examination as follows:

Some other samples of "BB" operation which might be cited in the full railway post-office service, train 19 of the New York, New Haven & Hartford Railroad, route 126521, has a 60-foot car authorized 30 trips?

Question (by Mr. STEWART). Between what points?

Answer. Between Boston and New York. This results in 412,200 car-foot miles. This car was operated as well on Sundays, and produced a "B" unauthorized claim of 69,158 car-foot miles. (R. 3857.)

(E) IF NO MAILS AT ALL WERE CARRIED ON A PARTICULAR LINE, COMPANY WOULD STILL HAVE TO OPERATE A 60-FOOT BAGGAGE CAR.

Mr. BRADLEY testified on direct examination as follows:

Question (by Attorney Examiner BROWN). All of your baggage cars in which you transport the baggage and freight are not the same size, are they?

Answer. I believe they are, as a rule.

Question. What is the size?

Answer. Sixty feet.

Question. I do not suppose the Post Office Department designates, when they say "We want 15 feet of space, or 30 feet of space," how you shall carry it, do they? That is, you may carry it in a baggage car or an oversized apartment car or any way you can to your convenience, can you not?

Answer. The authorizations almost invariably mean that the space is to be provided in a baggage car. The distinction made between storage space in a baggage car and closed-pouch space in a baggage car is supposed to be that the storage space authorized in a baggage car represents the overflow from a mail apartment or full postal car on the same train.

Question. Is that the reason why you put that in the baggage car, that kind of mail that is in a mixed car, so that the baggageman has to take care of it?

Answer. That is true. I was going to explain, if I had completed my answer there, that the storage space represents the overload of a railway post office car train or a mail apartment car train, and only in cases where a car of excess size, a mail car of excess size, was operated. would you find storage space loaded in that excess.

Question. Well, what I am driving at is this: If you had no mail at all on these particular lines, you would still run a 60-foot baggage car, because you have no other?

Answer. I believe that is so. (R. 2204, 2205.)

APARTMENT-CAR SERVICE.

(A) THE RAILROADS CHARGED TO THE MAILS ALL EXCESS OVER AUTHORIZATION OF 30-FOOT APARTMENTS IN CARS, IN THE SAME MANNER AS IN OTHER CASES.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now with reference to the 30-foot apartment cars. They follow in a general way the same rules and the same reasons you have detailed with reference to the larger size cars, do they not?

Answer. Generally speaking, yes. Of course there are some differences in the operation.

Question (by Attorney Examiner BROWN). Well, now, in that connection it is not exactly clear in my mind, although I think I have it right—if the Post Office Department orders a 30-foot apartment car and the carrier has no car of that description available for use, and the only car it has is a 60-foot car with a compartment in it which may be more and probably is more than 30 feet, is the difference between the authorization and what the carrier furnishes always charged to the mails?

Answer. It is charged for the distance of the authorized movement as excess space in apartment cars. That occurs through the fact that probably in most of those instances the requirements of the Post Office Department had, in the time preceding the inauguration of the space basis, been for 60-foot cars, in the case of reductions to 30-foot after November 1, 1916; and they had been in the habit of furnishing 30-foot cars in accordance with the requirements of the Post Office Department, and after the 1st of November, 1916, the Post Office Department concluded they did not need quite so much space under the space theory of administering the postal transportation, and reduced it to 15. As I said yesterday, of course it was impossible for the railroad companies to immediately reduce their cars or change them. In fact, they did not feel that they ought to change them because until the test had been made and determined upon neither side was certain but what they would go back, possibly, to the larger unit. * * * (R. 1272, 1273.)

(B) THE OPERATION OF THE CARS TO FULFILL THE APARTMENT CAR AUTHORIZATIONS WAS THE SAME UNDER THE WEIGHT-BASIS SYSTEM.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). I was speaking with reference to your opinions on the operations of the railroads. Now, it is true, is it not, with reference to these 30 and 15 foot authorizations for apartment cars, that there was no change made in the manner of operating them during this test period which you designate?

Answer. That is my understanding. You mean that there was no change made in the construction of the cars?

Question. Yes, and over the manner of operating them during the weight period. The operation was substantially the same in this case as in the other case?

Answer. Substantially. I don't think there were any substantial changes made excepting in compliance with the requirements of the Post Office Department, where it was possible, of course, the car might have been shifted from one to another, or from one route to another on the same railroad. (R. 1280, 1281.)

(C) RAILROAD'S CLAIM FOR UNUSED APARTMENT CAR SPACE OPERATION OVER MILEAGE NOT AUTHORIZED, WESTERN PACIFIC RAILROAD. (POST OFFICE DEPARTMENT EXHIBIT 83.)

Mr. McBRIDE testified on direct examination as follows:

This is one of the longest mail routes in the United States, being 924 miles in length. It operates through an exceedingly sparsely settled country from Salt Lake City, Utah, to the California State line, and then through a territory more thickly settled but rather well supplied, if not fully supplied, with mail service by other lines, it paralleling the Southern Pacific to some extent and never running a very great distance from it, through the rest of its route.

The authorization during the statistical period on this route was for a 30-foot apartment seven times a week between Sacramento, Calif., and Winnemucca, Nev., 394 miles out of the 924. This operation accounted for 413,700 car-foot miles for the statistical period. In connection therewith there was claimed the operation of the car containing apartment and therefore the 30 feet was entered as unused space in column 23 of Form No. 3.

Question (by Mr. STEWART). Between what points, did you state?

Answer. Between Salt Lake and Winnemucca, 395 miles, and between Sacramento and Oakland, 135 miles; that is,

comprising the two ends of the train run, making a total of 1,113,000 car-foot miles of unused and unauthorized space as compared with 413,000 for the statistical period.

Question (by Mr. Wood). How many million?

Answer. One million one hundred and thirteen thousand.

Question. Car-foot miles?

Answer. Car-foot miles. Now this car containing the apartment carried the baggage and express, and no other baggage car was operated in this train, the baggage end of the car operated being sufficient—and I think there was some unused space in the car besides—to carry the baggage and express over the entire line. It seems to us very unfair to charge the mail service with all of this operation over 600 miles of track for a service which we did not require, and which we have no use for, and which was required for the baggage and express service. They would not have operated a car if it had not been for the baggage and express service, and the car was sufficient without the mail apartment to take care of those services. And bear in mind that the inclusion of this 1,113,000 mail car-foot miles contributed to the 9.138 per cent, I think it was, of mail participation in expenses. This did not go into the unoccupied space portion.

Question (by Mr. STEWART). This was a direct charge, then, to the mails?

Answer. Yes, sir. (R. 3823, 3824.)

(D) THE RAILROADS' CLAIM FOR UNUSED APARTMENT CAR SPACE OPERATION OVER NONMAIL MILEAGE, NEW YORK, CHICAGO & ST. LOUIS RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

Answer. Along the same line I would like to call your attention to the claims made for unauthorized space on route 131546, the New York, Chicago & St. Louis Railway, and the nonmail mileage of the same company. This is the Nickel Plate Road, which runs from Buffalo to Chicago. The mail route extends from Cleveland to Chicago, 339 miles. * * *

* * * * *

* * * There is no mail service authorized over the trackage between Buffalo and Cleveland; no mails whatever are carried on that road between those points.

In four of the trains operated by this company there was authorized during the statistical period 30-foot apartment car in fulfillment of which authorization there was run a 25-foot apartment car in a 55-foot car, the remainder

being occupied by baggage and express. Over the nonmail mileage between Buffalo and Cleveland, 184 miles, the 25 feet of space in the mail apartment was claimed as unused space, entered in column 23 of Form 3, and under the railroad plan charged directly to the mails, although no mail service was authorized over the trackage, and the car was evidently operated solely on account of the baggage and express services.

The original reports of this company included this space as "all other unused space" in column 25 of Form No. 3, and was transferred to column 23 of the same form upon the request of the railway mail pay committee after their examination of the reports. The company apparently took the view originally that they were not justified in claiming the space as necessarily operated on account of the mails. We think the viewpoint of the company, the original viewpoint, was reasonable, because we find that on Sundays it is not found necessary to run the car containing the mail apartment. From the statements of the company it appears that it was in possession of full cars without mail apartment which could have been operated in these trains between Cleveland and Buffalo. * * *

Question (by Mr. WOOD). Let me see if I get that right. There was not any mail authorization on Sunday?

Answer. I think there was a closed-pouch authorization, perhaps, between——

Question (interrupting). No apartment-car authorization?

Answer. No, sir.

Question. And on those days they ran the same car?

Answer. Yes, sir.

Question. And they didn't charge anything to the mail, but on the days on which the mail apartment car was authorized between Cleveland and Chicago, the other end of the car containing baggage and express, instead of transferring at Cleveland they ran the car through?

Answer. That is the way the reports show.

As the result of the railway mail pay committee's suggestion, 58,800 car-foot miles were charged in the railroad plan direct to the mails for an operation in which the mails had no interest whatever.

It would be important to the department to ascertain if the operation of this car is such as will come under the designation "necessary operation of the car," which is to be paid for the round trip under the railroads' new plan.

Mr. WOOD. Under the railroads' new plan, if the postal clerks leave the car at Cleveland it will not be paid.

The WITNESS. Then I think it would have been better would it not, to have charged that space elsewhere than to the mails during the statistical period.

Question (by Mr. STEWART). And that entered into this 9 per cent, as you have heretofore said?

Answer. Yes, sir.

Question. Which was the ratio on which the operating expenses of the railroads were charged to the mails?

Answer. That is correct. (R. 3826-3829.)

(E) EXCESSIVE SPACE CLAIMS IN CONNECTION WITH APARTMENT CAR AUTHORIZATION, CHICAGO & NORTH WESTERN RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

On the Chicago & North Western, route 157542, train 5, between Omaha and Long Pine, a 70-foot car was operated containing a 39-foot railway post-office apartment to fill a 15-foot authorization between Omaha and South Norfolk. The car was operated through to Long Pine. The 24 feet excess in the mail apartment was claimed for three trips between Omaha and South Norfolk and for two trips over the remainder of the run, resulting in a charge of 21,024 car-foot miles to the mail service. Those were classified as "BE."

Question (by Mr. STEWART). On what days was the service authorized?

Answer. I couldn't say without referring to the original report. My memorandum does not state.

Question. Well, how many days a week? I don't think you stated that.

Answer. Why, the apartment evidently was authorized daily except Sunday, and this represents the operation of the excess on the Sundays.

Question (by Mr. WOOD). How do you think they would operate that without running it on Sunday?

Answer. Well, it seems to me that a system the size of the North Western might have a car that more nearly fitted the authorization than a 39-foot apartment.

Question. You think they ought to have a car hanging around there six days in the week to run one day a week in place of that combination car?

Answer. A 15-foot apartment only is needed on every day.

Question. You think they ought to have another car there? I am talking about the Sunday operation. You think they ought to have another car there, and keep it six days a week to run the seventh?

Answer. No; I don't.

Question. I didn't think you would.

Answer. I don't think the apartment car is authorized on Sundays at all. I am not certain as to that.

Question (by Mr. STEWART). But you don't think that surplus movement ought to be charged to the mails?

Answer. No; not in the manner in which it has been charged by the railroads. (R. 3859-3861.)

SIXTY-FOOT STORAGE CAR SERVICE.

(A) THE RAILROADS CHARGED TO THE MAILS ALL UN-AUTHORIZED AND UNUSED SPACE REPORTED IN CONNECTION WITH THE 60-FOOT STORAGE CARS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Considering now the 60-foot storage car, it is true, is it not, that all the unauthorized space and the operations in connection therewith and the excess space and operation which is covered by your definitions of classifications and our definitions of classifications reported in connection with these 60-foot car authorizations was charged entirely to the mails?

Answer. Yes, sir; in connection with full storage cars. Any excess space, excess length of the car, deadhead movement, was all charged up to the full storage cars as excess over authorizations; then there is another designation of unauthorized included in the charges also.

Question. Now we will reach that, probably, in the analysis, if you will allow me to continue.

Referring to our Exhibit No. 47 and the definitions under symbol A, we have there a full mail-storage car, authorized between points A and B, but the full car was run by the railroad company beyond the authorized distance, between B and C. This is what we all call in this respect excess unauthorized.

Answer. That we would call unauthorized; yes, sir—not excess.

Question. Well, the excess of operation is unauthorized. You call it unauthorized?

Answer. Yes, sir.

Question. Now that unauthorized operation you charge to the mails?

Answer. I do.

Question. Now, what was your theory upon which you made that charge?

Answer. Why, it does not differ from the theory that was applied throughout. We tried to follow the same principle in all these—the same basic principles.

Question. Then it must be, of course, following the same suggestions you have made, that it was necessary for the company to operate that car between B and C because it was authorized between A and B. That I assume to be the general statement of the reason.

Answer. In so far as there is any space of that kind in connection with the full cars, that is a minor matter, because there might only be space of that kind—unauthorized, now, I am talking about, and not excess—in which there was a controversy between the Post Office Department and the railroad as to what was in fact a division point at which cars were regularly switched in and out of the train, as the make-up of the train changed. (R. 1225, 1226.)

Question (by Mr. STEWART). Now, Mr. Wettling, let me come back to your reasons. As I understand you, it is that it was necessary for the companies to operate this car in that manner, therefore you charge this operation to the mails; but is it not true that in all these cases the authorization is made limited to a divisional point?

Answer. That is the understanding, and I think it is the attempt of the Post Office Department to do that; but, as Mr. Corridon said on the stand the other day, there is sometimes a controversy between the Post Office Department and the railroads as to what is in fact a divisional point for the purpose.

Question. But just for the convenience of your answer, assuming that there might be a question in regard to that, and that might throw some of this excess in the doubtful column, is it not true that regardless of that you charge every operation to the mails?

Answer. Every operation that we consider necessary in connection with the full storage cars is charged to the mail directly.

Question. And don't you consider every excess authorization as necessary, regardless of the fact as to whether or not it was a divisional point, as admitted by the company, or one as under controversy?

Answer. I couldn't tell as to that, Mr. Stewart, and I charge up exactly what the railroad companies reported to me, and my assumption is that it was only in such cases that it was reported to me. That is as far as I can tell you about it. (R. 1227, 1228.)

Question (by Attorney Examiner BROWN). Well, it seems to me, without having any great amount of knowl-

edge about it, that if you had a full storage car and it ran from A to B, that economical operation, when that A to B was the run, and the train went on to C, is to drop that car out?

Answer. Yes, sir.

Question. You would do that ordinarily, wouldn't you?

Answer. Ordinarily they would do that, and they would not fail to do it if it was a point at which the make-up of the train was changed and it was reasonably possible to do it. It does not seem reasonable that a railroad operating man would carry a 60-foot car without any load whatever for miles and miles without some use for it.

Question (by Mr. STEWART). But it seems so clear from these reports by the railroad companies and the tabulations of them that it was actually done.

Answer. There were some of them moved, there is no question about it. We show it here.

Question. Notwithstanding all you have said with regard to the reasonableness of not doing it, you have charged that excess space operation to the mails?

Answer. Wherever it has been run we have certainly charged it. (R. 1228, 1229.)

Question (by Mr. STEWART). Now let us take the same kind of a case, a case involving the same kind of a car authorization as described on Post Office Department Exhibit 47 under "B." There you have full mail storage car authorized six or less times a week, but the full car was run by the railroad company on other days in the week. This is excess unauthorized, and I think you call it on your table unauthorized, class it in the same category. Now you charged all that to the mails, did you not?

Answer. I have charged 522,000 car-foot miles of that kind of space to full storage cars as reported to me, and I am not perfectly clear as to the conditions under which that car was moved, if there was no authorization either out or inbound, without use for it.

Question. Well, the point is you charge it all to the mails, and you charged the total reported without making any exception.

Answer. After having made comparisons with the Post Office Department's approved form, that is approved only as to the accuracy of reporting in conformity with the requirements, we made no further corrections.

Question. Take this class of excess defined here under symbol B, and we find, for instance, that the authorization was for—well, take the most favorable case to the railroad company—six times a week. Now, the companies appear to have operated that car in the train every day

of the week, and it is this excess operation which is included in this total, and which you have charged to the mails. What is your theory upon which that charge was made?

Answer. I have no theory as to this 522,000 car-foot miles in the case of the full storage car, charging this space on days not authorized. I can not conceive of the movement of a 60-foot car without any load whatever in behalf of the mail on a day that it is not authorized, unless there was some real reason why that car should be at the other end to meet an authorization. If that is not the case, why, I can not justify that 522,000 feet. Somebody else will have to explain it. I can not.

Question. I think you are very fair in your answer there. I don't think you can explain it.

Answer. I try to be fair in all my answers, Mr. Stewart. (R. 1229-1231.)

Mr. WETTLING testified further that the railroads operated the 60-foot storage cars in the same manner under the weight basis:

Question (by Mr. STEWART). Now, Mr. Wettling, still referring to these 60-foot storage cars, is it not true that the operation of these cars as we have been discussing it obtained in exactly the same manner under the weight system as under the space system?

Answer. I think so, yes, sir. I do not know definitely, but I think that that is the case. That is the general impression that I have.

Question. It is general information. I think any one would say that that is so.

Answer. Yes, sir.

* * * * *

Question (by Attorney Examiner BROWN). Well, if that be true on this seventh day, if you did not have any weight, you did not get paid for it.

Answer. Well, we got paid so much for the mail, regardless of whether the load was heavy, whether it was condensed, or whether the use of the equipment was restricted to the absolute needs, or whether it was extravagantly demanded, did not make any difference—much—although the comparisons that have been made seem to indicate that even under this space basis our average load is less than it was back in 1913.

Question (by Mr. STEWART). That is, a great deal of this equipment, Mr. Examiner, which was more extravagantly operated, I might say, under the weight basis, has been

released under the space basis and turned back to the companies. That accounts for the great decrease in car-miles—
* * *

The point, Mr. Wettling, of my questions along that line was this, that the railroad companies, under the weight-basis system, made no objection whatever to the operation of these cars in this manner.

Answer. Well, I don't know whether they made objections or not, Mr. Stewart, but I know that the operations were pretty much the same.

Question. And that if they did so operate them in this manner it was wholly voluntary on their part?

Answer. I would hardly go that far as to agree with you in that respect. (R. 1231-1233).

Regarding operation in trains 25 and 5, Kansas City and Denison, Mr. WETTLING testified as follows:

Question (by Mr. STEWART). * * * In trains 25 and 5, Kansas City to Denison, Tex., and trains 8 and 28, Denison to Kansas City, there was a 60-foot storage car authorized daily, except Monday, over the whole distance of 410 miles. The unauthorized Monday operation was reported and claimed by the railroad company in each direction, producing 246,000 car-foot miles. The car was an oversize car, being 9 feet longer than the authorized size. This produced additional car-foot miles claimed by the company of 39,900 car-foot miles, making a grand total for that particular claim of 282,900 car-foot miles. In addition to this claim, the company claimed excess space oversize on authorized trips in which the car was run under authorization, producing a total of 219,760 car-foot miles, making a grand total of 502,660 car-foot miles claimed by the company, and that claim was charged entirely against the mail under your theory. What justification have you to offer for that?

Answer. I hope, Mr. Stewart, you don't think that I have photographed on my mind all these details in these fifty and odd thousand sheets of returns? * * * Now, in the first place, will you kindly mention the name of the railroad that you have in mind?

Question. The Missouri, Kansas & Texas, route 153519.

I realize, Mr. Wettling, that you could not retain such details in your mind, and if it is more convenient to you, I will change the form of my question by asking you if this be true that you have charged it to the mails, then what justification have you for doing so?

Answer. Well, let us see, first, if it is true. The Missouri, Kansas & Texas—and do I understand you to refer to a full railway post-office car or a full-storage car?

Question. A full-storage car.

Answer. In the case of the Missouri, Kansas & Texas we have charged here for excess space in full-storage cars for the 35 days 219,760 car-foot miles.

Question. That is excess space?

Answer. Excess over authorized in full-storage cars. There is none in full railway post office. I don't identify the five hundred and odd thousand that you speak of, offhand.

Question. The other movement is what would be determined the unauthorized for the oversize operation on Monday, when no mails were authorized to be carried.

Answer. That would be in part on the Missouri, Kansas & Texas and in part on the Missouri, Kansas & Texas of Texas I presume, would it not? There would be a split between them?

Attorney Examiner BROWN. Yes; between Denison and the State line.

Answer. Well, without the R. M. P. forms I shall be unable to identify that particular movement exactly, because we necessarily join all the unauthorized space here. I have, as it is, about 53 different subdivisions of all these various spaces; but to extend it to the point where I could tell what happened on every train, it would be some 53,000 instead of 53.

In the case of the Missouri, Kansas & Texas I have charged here what seems to me the class of space you refer to for the movement in one direction 345,870 car-foot miles for 35 days, and for the Missouri, Kansas & Texas of Texas 32,505 of the same nature. On the return movement corresponding with that, but not identified with the particular train or route that you speak of, 692,901 car-foot miles. Those two or three items may contain the item that you speak of. The probabilities are that in that case it was necessary to move that car in order to have the car at the other end to fulfill the authorization of Monday morning or Monday afternoon, as the case may be.

Question. Why could not that have been met by holding the car at the end of the run or the terminal?

Answer. Well, you had the authorization in one direction, didn't you, and the car had to go back somehow or other?

Question. The authorization is in both directions?

Mr. WOOD. Just what was the authorization in each direction?

Mr. STEWART. Full 60-foot car.

Mr. WOOD. I know, but what days in the week in each direction?

Mr. STEWART. All excepting Monday.

Mr. WOOD. And Monday was eliminated in each direction? Is that right?

Mr. STEWART. Yes, sir.

Question (by Mr. STEWART). Is that all the explanation you have to offer in that case?

Answer. Yes, sir.

Question. And if it should be true that the requirements of operation could have been met on these other days by holding the car at terminals, there would then be no justification for your charging to the mails this amount?

Answer. Well, if the operation of the railroad company was a perfectly foolish operation, running empty cars around without any excuse, I could see no excuse for charging it; but the railroads are not in the habit of running their cars in that manner.

Question. Well, we had a case yesterday where you were not able to find any reason why they ran cars in that manner.

Answer. I don't know the reason for the individual operation on each train of the thousands of trains that run daily throughout the United States. I would not hope to be able to tell it to you.

Question. On your direct examination you were very positive that these operations were necessary?

Answer. Yes, sir; as reported to us under the general scheme or request for reports as submitted to the railroads and agreed upon, and I assume that the railroads followed the instructions. That I felt I had a right to assume. (R. 1265-1270.)

(B) UNAUTHORIZED SPACE CLAIMS FOR ONE ROUND TRIP IN CONNECTION WITH STORAGE CAR AUTHORIZATION FOR SIX ROUND TRIPS, MISSOURI, KANSAS & TEXAS RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

Under this classification also comes the full storage car, referred to in some of the previous testimony, between Kansas City and Denison, where it was authorized 30 trips in each direction and operated unused in each direction 5 trips.

Question (by Attorney Examiner BROWN). It did not run on Sunday?

Answer. It ran, but was not authorized.

That is the Missouri, Kansas & Texas case. (R. 3857.)

And:

Referring to the case of the storage car of the Missouri Kansas & Texas Railway, which was authorized week days and not authorized on Sundays, but the operation of which was claimed on Sundays, the report shows that a 69-foot car was operated in fulfillment of that authorization.

Question. What was the authorization?

Answer. 60-foot.

By the way, that unauthorized operation was on Monday instead of on Sunday.

Question (by Mr. Wood). What was that?

Answer. The unauthorized operation was Monday instead of Sunday.

Question. They would have to get the car back, would they not?

Answer. But it was not authorized in either direction, so that by holding over a car at each end they could take care of the service. That is, it looks to me that way.

So that in addition to the 60-foot car claimed there is also a claim for 9 feet excess for the five trips in each direction, which resulted in 36,000 more car-foot miles to be charged to the mails direct and included in the basis for participation. (R. 3859.)

STORAGE SPACE SERVICE.

(A) THE RAILROADS CHARGED TO THE MAILS ALL UNAUTHORIZED AND UNUSED SPACE REPORTED IN CONNECTION WITH 30-FOOT STORAGE UNITS, BUT DID NOT FOLLOW SAME RULE AS TO EXPRESS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). As a matter of fact, Mr. Wetling, in regard to these 30-foot units, you have charged all the unauthorized and all the excess space, under whatever designation or definition they may be indicated on your exhibits and our exhibits, to the mail, regardless of any reason whatever excepting these general reasons you have given—they are all charged to the mails.

Answer. The reasons are not so general.

Question. And they were all charged to the mails, without exception?

Answer. Just exactly the same as we charge all the express and the passenger and the baggage car to each of those services.

Question. Just as you do not charge them to express?

Answer. Oh, certainly, we charge them to express in all full cars.

Question. I am not speaking now of full cars. I have not reached that. We are talking about 30 feet and under.

Answer. All right; 30 feet and under. * * * (R. 1223, 1224.)

(B) DUPLICATION OF CLAIMS OF UNUSED AND UNAUTHORIZED SPACE IN CONNECTION WITH STORAGE-SPACE AUTHORIZATIONS BECAUSE OF MAILS BEING CARRIED IN OVERSIZE APARTMENT CARS.

Mr. McBRIDE testified on direct examination as follows:

The WITNESS. The records of the department show that the storage mail authorized on six of the above-described routes (Nos. 161501, 161512, 161516, 161517, 161518, and 161531 of the Great Northern Railway) is carried in oversized railway post-office apartments. The authorized mail operation, as well as the excessive unauthorized space claims in connection therewith, should therefore have been deducted from the excess unauthorized apartment space in column 12 of Form No. 4, instead of being charged against space in baggage compartment. In consequence of this irregular method of reporting the service, there results a duplication of these already excessive claims to the amount of 90,009 car-foot miles for the six routes named.

Similar cases of the same character are noted in the reports for routes Nos. 143530 and 143534 of the Chicago, Rock Island & Pacific Railway, where, in connection with an authorized service car-foot mileage of 900, there has been a duplication of an excessive claim aggregating 21,780 car-foot miles.

On route No. 143558 for the same company, in connection with a storage-mail authorization totaling 6,090 car-foot miles, excessive claims for authorized space movements amounting to 159,040 have been made against the baggage end of the car instead of being charged against the excess space in the apartment, where, according to the company's report on Form No. 6, the authorized mail services are actually performed. The indicated ratio of 26.1 to 1 is therefore actually raised to 52.2 to 1 in consequence of the duplication described.

Northern Pacific Railroad mail routes Nos. 171502, 171508, 171516, and 171518 show similar duplicated charges amounting to 29,890, 58,310, 11,520, and 13,545 car-foot miles, respectively.

Great Northern route No. 171503 has a claim on trains Nos. 381 and 382 amounting to 23,560 car-foot miles, which, together with authorized service of 8,360, shows a total of 31,920 car-foot miles, the amount by which column 12 of Form No. 4 should be reduced; on route No. 163510, a 7-foot unit of space is authorized on train No. 242 for 121 miles. Although the company's affidavit covering service performed during the period shows this mail was carried in the oversized apartment, the authorized mail total of 57,575 car-foot miles, and a corresponding amount for the unauthorized return movement of the space in train No. 241, have been charged against space in the baggage end of the car, leaving column 12 in excess by 115,150 car-foot miles. (R. 494, 495.)

(C) UNAUTHORIZED SPACE CLAIMS IN CONNECTION WITH STORAGE-SPACE AUTHORIZATIONS, KANSAS CITY TO TUCUMCARI, CHICAGO, ROCK ISLAND & PACIFIC RAILROAD.

Mr. McBRIDE testified on direct examination as follows:

The next case to which I desire to invite your attention is that of the unauthorized claims made in connection with the operation of a 30-foot storage space for 10 trips during the period in train 1, Kansas City and Tucumcari railway post office, on the Rock Island. This authorization is in addition to a 60-foot storage car authorized five times a week, which is paid for in the return direction, although not used.

In connection with this 30-foot authorization of storage space for 10 trips, producing 185,400 car-foot miles over a run of 618 miles, the company claimed the operation of the same amount of space for 25 trips over the same mileage, resulting in 463,500 car-foot miles. In addition they also made claim for the return movement on train 2 over the entire distance daily, 648,900 car-foot miles, or a total of 1,112,400 car-foot miles, all of which was included, not only in the basis from which the 9 per cent was deducted for participation in operating expenses, but was also in this case included in the basis upon which the unoccupied space on the system was apportioned.

On the 25 unauthorized trips it is shown by reference to the report that the necessity for the operation of this car on those days arose from the fact that 17 feet of express and 12 feet of baggage was regularly carried between Kansas City and Texhoma on train 1, a distance of 474 miles. In fact, in this case the two-times-a-week storage authorization really serves to reduce what would otherwise

have been a necessary haulage of empty or dead space in connection with the regular performance of baggage and express service. In other words, it seems to me that in this case it would have been more proper and much fairer in every way to have charged this excess operation on those 25 days to the express and baggage rather than to the mails, and thus increase the percentage of mail participation.

Question. It was necessary to operate that to carry the express and baggage?

Answer. Evidently so from the reports. I might say that the unauthorized operation was classified under "B," or "BB," as we subclassify it. (R. 3855-3857.)

And subsequently:

Question (by Mr. Wood). Mr. McBride, before you get into that, if it won't interrupt you, I would like to ask you about this Rock Island case, Kansas City-Tucumcari.

Answer. Yes, sir.

Question. Now, that is a case where there was a 60-foot storage authorization five days a week and a 30-foot storage authorization two days a week. Is that it?

Answer. That is the way I understand it.

Question. And on the two days on which there was a 30-foot storage authorization they charged the other 30 feet? Is that it, or how was that?

Answer. For 6 days of the 10 there was 13 feet devoted to baggage, 18 feet to express, 30 feet to this storage unit, and five feet unoccupied.

For 4 of the 10 days, 10 feet was occupied by baggage, 16 feet by express, 30 feet by the authorized unit, and 4 feet unoccupied.

For 8 of the days, 13 feet occupied by baggage, 18 feet by express, 30 feet claimed as unused space in connection with the mails in column 23 of Form 3, and 5 feet unoccupied.

For 13 days the figures were, 10 feet for baggage, 16 feet for express, 30 feet unused space charged to the mails, and 4 feet unoccupied.

And for 4 days of the period, 12 feet charged to baggage, 18 feet to express, and 30 feet unused space, with 5 feet unoccupied.

That takes care of the 35-day period.

Question. That means that for the 25 days on which there was no authorization they charged 30 feet to the mails?

Answer. Yes, sir.

Question. That is it, is it not?

Answer. As unused space.

Question. That is the cause of your complaint?

Answer. Yes, sir.

Question. Now, it also appears that at no time did the baggage and express occupy more than the remaining space in that car after setting aside 30 feet for the mails.

Answer. That is not what we object to.

Question. No; but that does appear.

Answer. It appears that there was also unoccupied space in addition to all those three claims.

Question. And your objection is that except for the mail on they would have had that waste space in there any way they would have had 30 feet of waste space 7 days a week instead of 5, except for the 30 feet of mail authorized—that is the ground of your criticism, is it not?

Answer. Except for the 30 feet which the railroads claim as being necessary to mail service.

Question. What do you know about the consist of that train?

Answer. Why, I don't know anything except what these reports show.

Question. What do you know about the rearrangement of the consist of that train that could be made for the entire seven days if it was not for this 30-foot storage authorization on two days?

Answer. I couldn't say as to that.

Question. Now, if it be a fact that but for that 30-foot storage authorization on two days the Rock Island could cut that baggage car out entirely and substitute for it a smoker, combination smoker, and baggage car with space in baggage end sufficient to take care of all the baggage and express that your own reports show accompanies that train, then that entire car as an extra car in the train is due to this 30-foot storage authorization two days a week, is it not?

Answer. It does not appear that the railroad operates any such car in this train. There is no passenger service claim made.

Question. You don't know anything about the consist of that train or the rearrangement of it that could be made except for this 30-foot storage authorization two days a week?

Answer. I don't know anything at all about the consist, except as shown by these reports, which show full passenger car, full mail car, full storage car, and this mixed car.

Question. And you don't know what rearrangement of the consist of that train could be made except for that two times a week 30-foot storage authorization?

Answer. I don't know that any rearrangement would be possible. It may be. I would not say it would not be.

Mr. WOOD. I would like to ask Mr. Searle whether it is not a fact that except for the 30-foot storage authorization two days a week the Rock Island would cut that car out of the train and substitute for the smoker and baggage car that they now run a combination smoker and baggage car, thus eliminating one car entirely.

Mr. SEARLE. Yes, sir. That is what would be done.

Question (by Mr. WOOD). And in all those other cases you have described, you don't know the extent to which the regular consist of the train is dependent on those lesser units of authorization any more than you did in this Rock Island case?

Answer. I can state that I don't know what the situation is as to consist of trains.

Mr. STEWART. I would like to ask Mr. Searle if they would do it.

Mr. SEARLE. We undoubtedly would do it if we had the opportunity.

Mr. STEWART. That is not an answer. Why can't it be done on the days when the storage is not authorized?

Mr. SEARLE. It is not practicable to do it.

Mr. STEWART. You are not prepared to say that they will do it?

Mr. SEARLE. I couldn't say unless we had the opportunity.

Mr. STEWART. Suppose you had the opportunity?

Mr. SEARLE. I have no doubt we would take advantage of the opportunity to reduce the consist.

The WITNESS. It would seem to me that if that is so you would do it for the five days a week, even if you do not do it the other two. (R. 3861-3865.)

(D) CLAIMS OF UNAUTHORIZED SPACE IN CONNECTION WITH STORAGE SPACE AUTHORIZED, SOUTHERN RAILWAY AND UNION PACIFIC RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

In storage space, a case in point is on route 114527, Southern Railway, between Washington and Greensboro, there was authorized 15 feet of storage space 30 trips, producing 128,000 car-foot miles. There was claimed in connection therewith the unauthorized movement of the 15 feet five trips, producing 21,450 car-foot miles.

Question (by Mr. STEWART). That was the Sunday operation?

Answer. Yes, sir. (R. 3857, 3858.)

Similarly on the Union Pacific, route 165519, train 103, a 7-foot storage authorization, Sundays only, Denver to Cheyenne, in connection with which there was an unauthorized claim for the 7 feet for the remaining 30 trips of the period between the same points, resulting in 22,260 car-foot miles.

Question. That is a case where the authorization was only on Sunday, but they charged on week days as well for the whole period?

Answer. That is correct. (R. 3858.)

NO CHARGES OF EXCESS SPACE IN MIXED CARS WERE MADE AGAINST EXPRESS AS WERE MADE AGAINST MAILS, ALTHOUGH NO OPERATING REASONS JUSTIFIED THAT ACTION.

(A) NO CHARGES OF EXCESS SPACE IN MIXED CARS WERE MADE AGAINST EXPRESS AS WERE MADE AGAINST THE MAILS.

Mr. WETTLING testified on cross-examination as follows:

Mr. STEWART. Now referring, Mr. Wettling, just again to your exhibit No. 6. I think you have testified that with respect to the express service no charges were made against that service similar to those which we have been discussing in regard to the mails. I think you have answered that.

Answer. The matter of return movement and excess space—there is not any such thing in connection with the express movement in our interpretation of these exhibits.

Question. That is to say, you did not report any such movements?

Answer. No, sir. Some few roads did, but not mixed cars.

Question. You express the view that—

Answer (interrupting). I beg your pardon. I want to qualify that, Mr. Stewart. On the movement of empty express full cars that is charged against them. (R. 1288.)

And in reply to Dr. Lorenz's questions:

Question (by Dr. LORENZ). I would like to ask one thing further in regard to that return empty movement connected with express service.

I understood you to say that express was not charged with any empty space?

Answer. With very little exception, Doctor. The exception was, not charged with any empty return space in the mixed cars.

Question. In the mixed cars?

Answer. As to the full cars, it was charged with its full amount of actual returned empty cars.

Question. I am speaking of mixed cars.

Answer. Yes, sir.

Question. Now, if that could be ascertained and you knew what it was, you would have charged it there, would you not?

Answer. Well, we did not attempt to, really.

Question. No; but if you knew?

Answer. Yes.

Question. Five per cent or 10 per cent, you would have put it there?

Answer. Yes, sir; I think we would, if the traffic was unbalanced. One of the principal reasons for not making that inquiry was that we felt, from general experience and general talk about it, that the express matter was more nearly balanced than the mail, and that there was, as a matter of fact, the chance, in many instances, for a balance in the other way; that is, it ran contrary to the mail, to some slight extent—only very slight, though.

Question. That being true in regard to the express space, why would you be willing to handle all the space in mixed cars, say, in this manner: Set down from your Form No. 3 the space used by the baggage, the space used by the express, the space authorized that you have not used for the mails, take all the rest and put it in one lump and divide it in the proportions of the first three that I have mentioned. Would you be willing to have that done as a modification of the figures?

Answer. Well, it seems to me that we have practically done that, Doctor. That is, that is what we have attempted to do, except that we did not include that one element, in so far as it is left out, that is to say, to charge the return movement on the express or empty movement that might actually have been there.

Question. Well, if the effect of the method I have suggested would slightly reduce the charge to the mail and slightly increase it to the express and baggage, but remove any controversy on that point, would you not be willing to have that done?

Answer. If you want to do anything at all that looks fair in that manner, we would be very glad if we could be shown a way out of that difficulty that our attention has been called to, and I am able to do it from the data that I have on hand. It is problematical. But I think I may be able to find it.

Question. Well, if you took this method I mentioned or made the other correction that you mention there would be

practically no controversy between you and the Post Office Department with regard to mixed cars?

Answer. No; I assume not, because the Post Office Department, while it does not admit as much space as we claim, in principle they admit that theory as to the mixed cars, as I interpret their testimony. I am not stating that as absolute, but that is my interpretation of the testimony.

Question. Suppose that the commission in studying this space question should decide that there was some space, whether it was one foot or a thousand or a million feet—suppose there was some space that they felt had been unjustly charged to the mail in the sense that it was useless operation, or from any other reason—

Answer. Yes.

Question. What then should be done with that? The Post Office Department has charged such space to the passenger. Would it not be more logical simply to ignore it or disregard it as not having been in the total length of the train at all?

Answer. Why, that was the only thing that could be done to it. It would not be fair to charge it to any one service, because the same argument that charges it to the passenger might charge it in a lump sum to the express, which would, of course, be manifestly unfair. (R. 1348-1352.)

(B) THE POINT OF DISTINCTION CLAIMED BY THE RAILROADS BETWEEN THEIR OBLIGATIONS TO CARRY THE MAILS AND THE EXPRESS AND ASSIGNED AS THE REASON FOR THE DIFFERENCE IN THE MANNER OF CHARGING SPACE TO THE MAILS HAS NOT IMPOSED ON THE RAILROADS ANY DIFFERENCE IN TRAIN OPERATION.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, having specifically located your point of difference between these two services, I will ask you if you ever knew of a case where it was necessary for the railroad company to operate more in its train consist than it would otherwise have operated in order to get this car back to the initial point of run to take care of this 3-foot or 7-foot authorization of space?

Answer. No; I suppose not. I would not claim any such ridiculous thing as that.

Question. Then as a matter of fact this obligation that you have designated as the sole distinction between the mail and the express service, and the reason why you have charged this to the mails, has not imposed upon the railroad companies any change whatever in the operation of their trains to carry it out? (R. 1212, 1213.)

(C) IT WAS JUST AS NECESSARY FOR THE RAILROADS TO OPERATE THEIR CARS TO CARE FOR THE EXPRESS AS FOR THE MAILS, YET THEY DID NOT CHARGE SPACE TO EXPRESS IN A MANNER TO PLACE EXPRESS ON A PARITY WITH THE MAILS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Was it just as necessary for the railroad companies to operate their train service to care for the express service as it was to care for the mail service in those cars? I am speaking now of the closed-pouch service.

Answer. Yes; so far as they wanted the traffic.

* * * * *

Question. Now, coming back to your answer with reference to the express service, I believe you said that practically the same rule would apply to the space to be devoted to the express as to the mails. If so, then did you charge to the express service all such space in the same manner as you have charged the space to the mails?

Answer. No; we do not specifically charge the express with the difference between the peak load and the load that went on at any one particular point; and our reason for that was on the general principle that there was no specific space necessarily demanded or laid aside or kept or required to be kept for the transportation of that traffic. In that, it differed from the mail.

Question. But that did not mark any difference from the mails so far as these specific statistics were concerned? These statistics were taken to evidence the actual condition on the train, as I understand?

Answer. Except as I qualified the matter on the 3 and 7 foot units, they were.

Question. So that if there were such a thing as a peak load of express you should have treated that just the same as you treated a peak load of mail, if you are going to put them on a par?

Answer. Well, I just explained that I didn't do so, and I thought that there was no occasion to do so.

* * * * *

Question. You did not charge to the express any return movement—

Answer. No, sir.

Question (continuing). As you did to the mail?

Answer. No, sir.

Question. Don't you think it would have been proper to have done that to place them on a parity, if you propose to charge that space to the mails?

Answer. No. I thought not for the same reasons that I gave with regard to the outward movement.

Question. And those reasons, as I understand you to say, are based in what you term the postal regulations, and that is—

Answer (interrupting). The fact that the duty is imposed upon the carrier to reserve certain space over part of the run for the Post Office Department.

Question. But in the case of a return movement, Mr. Wettling, there is no requirement of that kind?

Answer. No; but then you have got to get the car back to the starting point to take your next train out, haven't you?

Question. Yes; but you had to get it back to take the express out.

Answer. Sure; but we carried express matter both ways, very largely.

Question. So did you carry mails both ways?

Answer. We did. The traffic is, however, in our opinion, somewhat better balanced. I am sorry that we have not got the exact figures, but we failed on certain parts of our statistics, or we would have been able to show that. (R. 1204, 1205, 1207, 1208, 1209, 1210.)

(D) BULK OF EXPRESS BUSINESS ORIGINATES AT THE SAME POINT AS THE BULK OF THE MAIL AS A GENERAL THING, AND CHANGES IN EXPRESS TRAFFIC WOULD IN A MEASURE PARALLEL THE MUTATIONS IN THE MAIL TRAFFIC.

Mr. FAIRFIELD testified on cross-examination as follows:

Question (by Mr. STEWART). Speaking of the maximum load at the initial point of the run with respect to the emergency service, you said that in one case at least when the load diminished en route you practically lost the value of that space, and you based your opinion as to that on your view that if it were available to you at the initial point you would load express in it?

Answer. Yes.

Question. But not having been available you did not load it with express but carried out the mail in that particular space?

Answer. Yes, sir.

Question. Now, is it not true that you may have business offered you along the line at different points which would enable you to use some of this space?

Answer. Well, the bulk of the express is received at the same point the bulk of the mail is received. There is very little express picked up along the line for other local points, there being sufficient space available for that kink of local business in the space released by the local express unloaded at each such point. There is, of course, a constant interchange on all our local trains at every station, but the bulk of the business originates at the same point as the bulk of the mail, as a general thing.

Question. You think the express would, in a measure, parallel the mutations of the mails?

Answer. Yes, sir.

Question. Then, of course, your objection would apply only to those cases where at the initial point you have the peak load?

Answer. Yes, sir.

Question. And would not apply to cases where you might have loads which were an increase over that at an intermediate point?

Answer. No. (R. 2327, 2328.)

APARTMENT, STORAGE, AND CLOSED-POUCH SERVICE.

(A) CLAIMS OF UNAUTHORIZED AND UNUSED SPACE IN CONNECTION WITH APARTMENT CAR, STORAGE, AND CLOSED-POUCH AUTHORIZATIONS BY GREAT NORTHERN RAILWAY. (POST OFFICE DEPARTMENT EXHIBIT 84.)

Mr. McBRIDE testified on direct examination as follows with reference to trains 241 and 242 operating between Great Falls and Billings, Mont., on the Great Northern Railway, submitting Exhibit No. 84 in connection therewith:

* * * This is mail route 163510, 235 miles. The authorization in train 241 is for a 15-foot apartment authorized 30 trips between Great Falls and Judith Gap, 121 miles. A 30-foot apartment car is operated in fulfillment of that authorization.

Question (by Attorney Examiner BROWN). Do you know whether Judith Gap is a division point?

Answer. I do not. I assume so under the department's rules, or it would not be charged there.

Between Judith Gap and Billings there is a 3-foot closed pouch authorized 30 trips. That is 114 miles.

In train 242, the return trip, Great Falls to Judith Gap, there is a 15-foot apartment car authorized 30 trips, 7 feet of storage authorized 30 trips and 3-foot closed pouch authorized on Sundays and 3-foot closed pouch authorized

30 trips between Judith Gap and Billings. No authorization on Sundays between those points.

In connection with these trains the following claims were made on the space forms submitted by this company:

On train 242 they have claimed, and rightly, the 15-foot apartment authorization 30 trips between Great Falls and Judith Gap, the 7-foot storage authorization 121 miles, 30 trips, between the same points, and the 3-foot closed pouch authorized five trips between the same points, and a 3-foot closed pouch authorized on 30 trips between Judith Gap and Billings.

In connection with this they have claimed the operation of the 15-foot apartment unauthorized 30 trips between Judith Gap and Billings, the 15-foot apartment car unauthorized 5 trips between Great Falls and Billings, the entire run.

They have claimed 15 feet excess in oversize apartment for the 35 trips over the whole line.

In connection with the 7-foot storage authorization between Great Falls and Judith Gap they have claimed 7 feet unauthorized for the remainder of the run for the same number of trips, and for the entire mileage on the 5 trips, Sundays, notwithstanding the fact that the affidavits of the company show that the storage unit was regularly carried in the oversize apartment car.

In connection with the 3-foot closed pouch authorized week days between Judith Gap and Billings, they have claimed an unauthorized operation between Great Falls and Judith Gap.

For the five days in which the closed pouch was authorized between Great Falls and Judith Gap they have claimed the same amount of space unauthorized between Judith Gap and Billings.

In train 241, the return train, they have claimed the operation of the authorized apartment for 30 trips between Great Falls and Judith Gap and the 3-foot closed pouch authorized 30 trips between Judith Gap and Billings, a total authorized mileage of 64,710.

In connection with that they have claimed the 15-foot apartment operated unauthorized between Judith Gap and Billings, the 15 feet excess space in the oversize apartment for 35 trips, and the 15-foot apartment operated over the entire line for the 5 trips, Sundays.

They have also claimed 7 feet of storage space unauthorized for the entire mileage, being presumably the return of the 7-foot storage authorized Great Falls to Judith Gap in train 242.

In connection with the 3-foot closed pouch authorized between Judith Gap and Billings they have claimed the same amount of space unauthorized between Great Falls and Judith Gap for 30 trips, and the 3 feet over the entire line for the 5 trips, making an unauthorized claim on this train of 262,000 car-foot miles as against an authorized claim of 64,000, while in train 242 the authorized service equaled 91,935 car-foot miles, while the unauthorized equaled 237,000.

Question (by Mr. Wood). Mr. McBride, how much of that unauthorized space grows out of charging up in the baggage car of space in addition to the charging up of the excess space in the oversize apartment?

Answer. In train 242 it would amount to 23,940 car-foot miles plus 8,225 car-foot miles, and in train 241 it would amount to 57,575 car-foot miles.

Question. That is on account of the concurrent operation there, * * * your point there is that they charged it in twice?

Answer. Charged double, because it was carried in the oversize apartment car.

Question. Well, you made a special classification of that kind in connection with the examination of these reports in which you grouped together all cases of that kind in the United States, did you not?

Answer. We made a classification of that character; yes, sir.

Question. And what is the total amount of double charge of that sort?

Answer. I am not certain that all of these cases got into that classification, however.

Question. Well, the classification is there, although you have not shown the result. But I am asking you what is the total amount represented by cases of that kind?

* * * * *

Answer. 457,580.

Question. This represents about 10 per cent of it?

Answer. Yes.

Question. And the whole thing represents about 1 per cent of the entire amount of unauthorized space apportioned by the railroads to the mail?

Mr. STEWART. A very small per cent but a very large principle.

Answer. I want to enlarge upon that fact that all of this space under the railroads' plan, not only this duplicated

operation but all of the remainder of this unauthorized space, the round-trip claim in connection with closed pouch, the round-trip claim in connection with storage, the round-trip claim in connection with excess space, all goes in to form part of the 9 per cent.

Question (by Mr. STEWART). And can you discover from these charts, and what you have before you as the basis of them, whether there is any possible claim, aside from the double charge made, that the company could have made that they did not make?

Answer. *I have been unable to find anything in connection with this route and most routes that they have not claimed in connection with the mails.** (R. 3831-3836).

(B) CLAIMS OF UNAUTHORIZED AND UNUSED SPACE IN CONNECTION WITH APARTMENT CAR, STORAGE AND CLOSED-POUCH AUTHORIZATIONS BY GREAT NORTHERN RAILWAY. (POST OFFICE DEPARTMENT EXHIBIT 85.)

Mr. McBRIDE testified on direct examination as follows:

Answer. * * * Along this same line I would like to invite your attention to the situation and the data as reported by the Great Northern Railway on route 161525.

* * * * *

Train 209 and train 210. These trains operate from Devils Lake, N. Dak., to Boundary Line, 6 times a week, 78 miles. There is authorized a 15-foot apartment car between Churches Ferry and St. Johns, 55 miles. There is a 3-foot storage authorization Mondays only between the same points. Between St. Johns and Boundary Line, 4 miles, there is a 3-foot closed-pouch authorization 30 days.

In connection with these trains the company has claimed the authorized operation as stated by me, and in addition has made the following claims for unauthorized space:

The 15-foot apartment unauthorized between Devils Lake and Churches Ferry and between St. Johns and Boundary Line. There having been a 25-foot apartment furnished in fulfillment of that authorization, they have also claimed the 10 feet excess space in the oversize apartment over the entire mileage. * * *

Question (by Mr. STEWART). What was the result of that in miles?

Answer. It resulted in an authorized car-foot mileage of 24,750 and an unauthorized car-foot mileage of 33,750.

In connection with the 3-foot storage authorization Mondays only, they have claimed operation of that amount of space, 3 feet, in the baggage car over the remaining

* Italics are the Department's.

mileage for the 5 trips, and over the entire mileage for the 25 trips, although the company's affidavit covering the mail service performed on this train shows that the 3-foot storage was carried every Monday in the oversize railway post-office apartment car.

Question. Now what was the result of that?

Answer. The result of that produced 825 car-foot miles of authorized space and 6,195 car-foot miles of unauthorized space.

Question (by Mr. WOOD). That also is in column X, and is this double charge of which you spoke before?

Answer. The 6,195 would be in X.

In connection with the 3-foot authorization of closed-pouch space operated 4 miles between St. Johns and Boundary Line they have claimed the same amount of space over the remainder of the line, 74 miles, which results in 360 car-foot miles of authorized space and 6,660 car-foot miles of unauthorized space.

The total for the train is 25,935 for authorized and 46,605 car-foot miles for the unauthorized space.

Question (by Mr. STEWART). Do you see any place there that they could have claimed more than they did by any possible combination?

Answer. *No, I do not. It seems to me that they have claimed everything that could possibly be claimed.**

Question. And this, of course, affects the 9 per cent just as those to which you have referred?

Answer. Yes sir. (R. 3836-3839).

(C) UNAUTHORIZED SPACE CLAIMS IN CONNECTION WITH APARTMENT CAR, STORAGE, AND CLOSED-POUCH AUTHORIZATIONS, CHICAGO, ROCK ISLAND & PACIFIC RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

The Chicago, Rock Island & Pacific route 157547. I would like to invite your attention to train 39, which operates on this route between Belleville, Kans., and Colorado Springs, Colo., a distance of 420 miles.

A 30-foot apartment is authorized from Belleville to Goodland, 234 miles. The car containing this item is reported as having been operated through to Colorado Springs unauthorized, resulting in a claim for unauthorized car-foot mileage of 195,300.

Question (by Mr. STEWART). Over what distance?

Answer. 186 miles.

In addition to the apartment authorization a 7-foot unit of storage space is authorized between Belleville and

* Italics are the Department's.

Goodland. At the latter point, which is the end of the authorized apartment car run, the authorization changes from 7-foot storage to 7-foot closed-pouch unit from Goodland to Limon, Colo., 107 miles. At Limon, the authorization is changed to a 3 foot closed-pouch, which is operated through to the end of the train run, 79 miles. The company claimed the unauthorized operation of both the 7-foot unit of storage space and the 7-foot unit of closed-pouch space over the entire train run of 420 miles, notwithstanding the fact that these authorizations did not run concurrently over any portion of the run. This treatment resulted in a duplication of unauthorized space claims amounting to 102,900 car-foot miles.

In the return direction, train 40 has a 3-foot closed-pouch authorization for 186 miles from Colorado Springs to Goodland, 19,530 car-foot miles. The company has claimed in this train in addition to this authorized mileage not only the unauthorized movement of the apartment car in return, but a return for both the 7-foot closed-pouch unit and the 7-foot storage unit over the entire 420 miles of the train run, producing an unauthorized car-foot mileage of 186,270.

Question. That is to say, if I understand you correctly, in addition to the extra charge on the apartment car train, and while the 7-foot storage and the 7-foot closed-pouch outbound were not concurrent on any mileage, they were charged as concurrent on the outbound trip through, and then charged on the return trip in the same manner?

Answer. That is true.

Question. That goes a little beyond what you might expect they might do on the face of the record?

Question (by Mr. Wood.) What does that go into, X?

Answer. * * * On the outward movement it would be classified as A, and in the return movement it would be classified as R.

Question. I am speaking about this double charge. You claim there has been a double charge there.

Answer. Yes, sir; but it is not double in the sense that the other double movement was. That is, it was not mail that was carried in the excess apartment. It was a double charge of closed-pouch space or storage space, but the apartment was not involved, as the mails were not carried in the apartment cars, as I understand.

Question. The apartment car had nothing to do with the other, then?

Answer. No, except that it simply adds to the unauthorized car-foot miles. (R. 3839-3841.)

(D) UNAUTHORIZED SPACE CLAIMS IN CONNECTION WITH AUTHORIZED MAIL SPACE MADE BY NORFOLK & WESTERN RAILWAY.

Mr. McBRIDE testified on direct examination as follows:

* * * In this connection I would like to specify in detail some of the claims made on route 114528, Norfolk & Western Railway.

Train 3 had a 7-foot storage authorization—understand that all of these matters touch upon the service as reported during the statistical period and do not necessarily mean movement at the present time.

Question (by Attorney Examiner BROWN). Well, the figures of the railroads are based on them?

Answer. Yes, sir.

This is a 7-foot authorization from Lynchburg to Roanoke, a distance of 53 miles, daily except Sunday. The train itself operates from Norfolk to Columbus, 672 miles. This operation for 53 miles produces 11,130 car-foot miles. In connection therewith the company made claim for the following unauthorized movement:

Seven feet for 30 trips from Norfolk to Lynchburg on week days, 204 miles, 42,840 car-foot miles, classified as "A."

Seven feet, 5 trips, 257 miles, from Norfolk to Roanoke, on Sundays, 8,995 car-foot miles, classified as "B."

Seven feet for 35 trips for 415 miles from Roanoke to Columbus, equaling 101,675 car-foot miles, classified as "A."

A total of 153,510 car-foot miles.

In addition to this operation there was a claim of return space in train 4 in connection with this 53 miles authorization amounting to 53,970 car-foot miles, classified as "R."

Train 17, operating between Lynchburg and Bluefield, has a 3-foot closed-pouch authorization daily except Sunday from Cambria to Walton, a distance of 7 miles, producing 630 car-foot miles.

The unauthorized space claims made are as follows:

Three feet for 30 trips, 86 miles, Lynchburg to Cambria, on week days, 7,740 car-foot miles, classified as "A."

Three feet, 30 trips, 67 miles, Walton to Bluefield, on week days, producing 6,030 car-foot miles, classified as "A."

Three feet, 5 trips, 160 miles, the entire train run, producing 2,400 car-foot miles.

A total of 16,170 car-foot miles, and Form No. 6 of the report of the company shows that one sack only was carried a greater part of the time.

Question (by Mr. STEWART). The result of that is that although the closed-pouch unit was authorized only 8 miles, did you say——

Answer. Seven miles.

Question. Seven miles, the railroads have charged the department with the operation of that space the whole outward distance and the whole inward distance?

Answer. Well, I have not reached the inward distance yet. I have just covered the outward distance, train 17. I was just coming to train 18, the return train.

Question. And that distance is how much?

Answer. 160 miles for the entire train run.

Train 18, the return train, which evidently operates over a different route somewhat, as it is 166 miles long instead of 160—it probably operates a different way out of Lynchburg or into Lynchburg—has a 3-foot closed-pouch unit daily except Sunday from Pearisburg to Potts Valley Junction, a distance of 6 miles, producing 540 car-foot miles.

In connection with this train was claimed 3 feet from Bluefield to Pearisburg, 35 trips, 33 miles, producing 3,465 car-foot miles, classified as "A"; 3 feet on Sundays over the 6 miles of service, producing 90 car-foot miles, classified as "B"; and 3 feet from the end of the authorized service to the end of the train run, 121 miles, producing 12,705 car-foot miles; a total of 16,260 car-foot miles, as against 540 authorized, or a ratio of 30 to 1.

Train 16 operates from Columbus to Norfolk, 672 miles. This train has a full railway post-office authorization daily from Columbus to Lynchburg, 468 miles. For the balance of the train run, 204 miles, a 30-foot apartment plus a 15-foot unit of storage over the same distance daily except Sunday. In addition there is a 15-foot storage authorization in effect from Columbus to Bluefield daily over a distance of 314 miles. 10 feet of this 15 feet is carried in the excess of the 70-foot railway post-office car furnished, and the remaining 5 feet is carried in the baggage car——

* * * * *

eighty per cent of which is devoted to the express service.

In connection with this 5 feet of surplus space the company claims the following unauthorized operations of space:

Five feet, 5 trips over the distance authorized on week days, Columbus to Bluefield, representing the Sunday movement, 314 miles, producing 7,850 car-foot miles, classified as "B."

Five feet, 35 trips over the balance of the train run on week days, Bluefield to Norfolk, 358 miles, producing 62,650 car-foot miles, classified as "A."

In train 15, 5 feet for 35 trips, as return movement, over the entire train run, 673 (R. 617 *sic.*) miles, producing 117,775 car-foot miles.

Question (by Mr. Wood). What train was that, again?

Answer. 16 and 15.

Question. And how far did you carry it?

Answer. Carry what?

Question. The train from Norfolk to Columbus?

Answer. Yes, sir.

Question. What did you say the authorization was there, Columbus to Lynchburg?

Answer. Full railway post office.

Question. And there it is cut down to a 30-foot apartment and 15 feet of storage?

Answer. That is correct; daily except Sunday—that is, the storage is daily except Sunday and the apartment is daily.

Question. They run the railway post-office car through to carry the 15 feet of storage in it. Is that it?

Answer. Between what?

Question. Lynchburg and Norfolk.

Answer. Yes, sir; I assume that is right.

Question. Then, coming back they have—

Answer. No; from Lynchburg to Norfolk; yes, sir; I assume that that is carried in the full car.

Question. Well, they operate a 60-foot car all the way through, then, and then coming back—

Answer (interrupting). A 70-foot car is operated.

Question. Coming back they have a 30-foot apartment authorized as far as Lynchburg and 60-foot railway post office from Lynchburg to Columbus?

Answer. Yes, sir. And, in addition, a 15-foot storage authorization from Columbus to Bluefield.

Question. That is going out, on train 16?

Answer. Yes, sir.

In addition to the above, trains 15 and 16 show in column 25-B of Form 3 the space representing the balance of the full railway post-office car run between Norfolk and Lynchburg, 204 miles, distance over which the full-car authorization is reduced to 30-foot apartment, claiming in train 15 the balance of the 70-foot car daily, 205 miles, producing 275,930 car-foot miles, classified as "K."

Train 16, the balance of the 70-foot car is claimed daily, 204 miles, producing 193,800 car-foot miles, also classified as "K," making a total of 469,730 car-foot miles.

They also show on the same route unauthorized space on Form 2 as the result of the operation of the 70-foot full railway post-office cars, as follows:

Ten feet excess for train 15, 163,800 car-foot miles, and in train 16, 10 feet excess for 154 miles, 48,390 car-foot miles.

I want, in this connection, to quote the total space claims for trains 15 and 16: Passenger, 2,078,832; baggage, 964,631; miscellaneous, 123,270; express, 2,502,605; mail, authorized, 579,420.

Mail unauthorized or unoccupied—I have not got the unauthorized total, I am sorry to say—681,920. Unauthorized and unoccupied shown in column 25 for these two trains equals 1,132,705, in which space the department participates on a ratio of the used space in mixed cars. (R. 3847-3853.)

IN CONNECTION WITH CLOSED-POUCH SPACE AUTHORIZATIONS.

(A) UNJUSTIFIED AND EXCESSIVE CLAIMS BY RAILROADS OF UNUSED AND UNAUTHORIZED SPACE OPERATION IN CONNECTION WITH CLOSED-POUCH SPACE AUTHORIZED A PART OF THE TIME.

Mr. McBRIDE testified on direct examination as follows:

The WITNESS. Referring to the instructions which I just read, which are contained in paragraph 29-A of the instructions of the railway mail pay committee:

A large number of companies gave to this paragraph various interpretations which the department regards as resulting in unjustifiable and excessive claims for unauthorized space operations.

Authorizations for closed-pouch space on Sunday only are in effect on a large number of railroad mail routes, many of which have railway post-office apartment service authorized on week days. The practice was followed by many of the roads of making a claim for the unauthorized movement of units of space of the size authorized on Sundays for all of the week days of the period.

I cite an example of a claim of this character:

Cleveland, Cincinnati, Chicago & St. Louis route No. 135510, train No. 24: The length of the train run is 261 miles. There is a 3-foot Sunday-only authorization over a distance of 79 miles. There is an authorization of the apartment car on the remaining days of the week.

The company claimed for the 3-foot authorized movement over 79 miles, and also for the operation of that 3 feet of space over the balance of the train run, 182 miles, for each Sunday, and supplemented that claim by a claim for the same amount of space for the 30 week days of the period over the entire distance, 261 miles. The authorized mail service amounted to 1,185 car-foot miles, whereas the claims entered as being necessary in connection therewith consisted of a total of 26,220 car-foot miles, or a ratio of 22 to 1 between the unauthorized space claims and the space actually authorized.

This particular claim is given greater significance when it is shown by the company's own report, on R. M. P. Form No. 6, that only one sack (or package) was carried on the train in question on Sundays. (R. 479, 480.)

CONTENTION OF DEPARTMENT THAT SPACE SHOULD ONLY HAVE BEEN CHARGED ON THE DAYS OPERATED.

Mr. McBRIDE on direct examination testified as follows:

Attorney Examiner BROWN. Let us get right there the precise contention of the Post Office Department in regard to this matter, and the contention of the carriers. Now, as I understand it, the Post Office Department authorized, we will say, 3 feet of space on Sunday. Your statement appears to indicate here that the carriers seek to charge that space for the full week.

Answer. Yes.

* * * * *

Question. And the contention of the Post Office Department is that the charge should be for only the space authorized?

Answer. Yes, sir.

Question. The carriers stating that, having authorized that space in that train, it was necessary to make a charge for it for the six days that it was not demanded by the department?

Answer. Not demanded or used.

* * * * *

The WITNESS. I will ask to have the remainder of this table inserted in the record.

* * * * *

The statement referred to is as follows:

Cases where railroads made excessive claims of unauthorized space in connection with authorized closed-pouch space, and the ratios between the same:

Railroad.	Route No.	Train No.	Space authorized (car-foot miles).	Space unauthorized (car-foot miles).	Ratio unauthorized to authorized space.
Chicago, Rock Island & Pacific....	149525	633	660	9,735	14.7 to 1
Do.....	149525	634	1,485	8,910	6.0 to 1
Do.....	147507	607	780	5,100	6.5 to 1
Do.....	147507	608	780	5,100	6.5 to 1
Do.....	149525	635	1,980	11,880	6.0 to 1
Do.....	149525	636	1,980	11,880	6.0 to 1
St. Louis & San Francisco.....	147509	775	720	3,600	5.0 to 1
Do.....	147509	776	720	3,600	5.0 to 1
Chicago & Alton.....	135537	47	420	9,975	23.8 to 1
Do.....	135537	48	90	10,305	114.5 to 1
Cincinnati, Hamilton & Dayton...	131563	6	3,030	18,180	6.0 to 1
Baltimore & Ohio Southwestern...	133524	53	870	5,220	6.0 to 1
Do.....	133524	58	870	5,220	6.0 to 1
Erie Railroad.....	107582	2	1,395	43,125	30.9 to 1
Do.....	107582	47	1,395	8,370	6.0 to 1
Do.....	107582	173	315	8,820	28.0 to 1
Do.....	107582	185	600	3,300	5.0 to 1
Do.....	107582	480	1,395	8,370	6.0 to 1
Missouri, Kansas & Texas.....	155556	37	75	10,665	142.2 to 1
Do.....	155535	115-15	810	4,860	6.0 to 1
Do.....	155535	116-16	810	4,680	6.0 to 1
Do.....	155556	38	360	10,380	28.8 to 1

(R. 483-486.)

(B) ALTHOUGH TRAIN WOULD HAVE OPERATED THE SAME UNDER WEIGHT BASIS, IN THIS ASCERTAINMENT THE UNUSED SPACE IS CHARGED TO MAILS BY THE RAILROADS FOR THE PURPOSE OF FIXING RATE.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, right there, that difficulty would have disappeared if you had had the weight basis, would it not?

Answer. It would; yes, sir.

Question. There is an instance where the weight would operate as between the Government and the carriers, perhaps, more equitably than space?

Answer. Under the weight basis that pouch or sack would have been carried and its weight would have been included in the other weights for which compensation was paid.

Question (by Mr. STEWART). Just a moment. If we determine what the difficulty is, perhaps it might remove the misapprehension. The difficulty here is the charging against the mails of this operation. Now, Mr. McBride,

under the weight basis, would not the railroads have operated the train just as they did in this case?

Answer. Just the same.

* * * * *

Question. The only difference, then, is that under the space basis, they have sought to charge against the mails this excess operation which they would continue anyway, under any system; but under this system they seek to charge it against the mails for the purpose of fixing a higher rate under space?

Answer. That is correct. (R. 480, 481.)

(C) EXCESSIVE AND UNECONOMICAL OPERATION SHOULD NOT BE CHARGED TO THE MAILS.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, the fact is that under the space basis as it is operated to-day, the railroad company does not get paid for all of the equipment which it hauls solely on account of the mail service?

Answer. It is getting paid for all of the space it is required to haul.

Mr. WOOD. Well, Mr. Reporter, will you please read that question: I purposely omitted the use of the word "required," because I knew you and I would not agree on its definition. So I will ask the reporter to read my question over again.

* * * * *

(The reporter read the question as above recorded.)

Answer. No; if the railway company elects to haul a car 1,000 miles to take care of service that we need 200 miles, it should not be paid * * * it does seem to me that there is no reason why the department should pay for space which it does not need, because the railroad company, for its own convenience, wanted to haul equipment 1,000 miles. In that particular case, it would go over three railroad systems. (R. 194, 195.)

Mr. GAINES testified on re-direct examination that the railroads are paid for the service performed, but for their own convenience sometimes carry larger cars than needed over parts of runs, as follows:

Question (by Mr. STEWART). Now, Mr. Gaines, you said something about the company not getting paid for all the equipment used, in response to counsel's question. I want to ask you if it is not true that you mean they do not get paid at the maximum rate for all of the car movement the

company chooses to make, whether the department uses the space or not?

Answer. I believe that that was really covered in my statement on cross-examination.

Question. I wanted to clear up your question on cross-examination. It seems to me that it was left imperfect in that respect.

Answer. If I understand the question now, Mr. Stewart, I would say that the railroad companies are paid for the service we require them to render. In some cases, for their own convenience, they carry larger cars than we need, or than we ask for over certain portions of long runs.
* * * (R. 225, 226.)

(D) CLOSED-POUCH UNITS CARRIED IN BAGGAGE CARS THAT ARE OPERATED. UNJUSTIFIED CHARGE TO THE MAILS OF UNUSED SPACE REPORTED IN CONNECTION WITH CLOSED-POUCH UNITS AUTHORIZED IN BAGGAGE CARS WHICH WOULD BE OPERATED IF NO AUTHORIZATIONS WERE MADE.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, when you authorize that 3 feet of space, you do not specify that it shall be an apartment car or a railway post-office car, or any kind of a car, do you?

Answer. Not closed-pouch space; no, sir.

Question. That can be put in a baggage car?

Answer. It is carried in a baggage car.

* * * * *

Mr. WOOD. Never in a railway post-office or an apartment car?

The WITNESS. Closed-pouch space is on trains in which there is no full car or apartment car operated. The law specifies that.

Question (by Attorney Examiner BROWN). Well, that being so, the theory is that that baggage car is running anyhow. It is running on Sundays as well as on week days, and if the Post Office Department had never asked for any space in that car, or had never used it, the car would still run?

Answer. Yes, sir; that is true.

Question. That is your contention?

Answer. That is our contention. (R. 487,488.)

(E) PRONOUNCED EXCESSIVE CLAIMS FOR UNUSED SPACE IN CONNECTION WITH CLOSED-POUCH AUTHORIZATIONS AND RATIO OF SAME TO AUTHORIZED SPACE.

Mr. McBRIDE testified on direct examination as follows:

The WITNESS. The most pronounced excessive claim of the character of those above outlined is encountered on route No. 133516 on the Cleveland, Cincinnati, Chicago & St. Louis Railway, where train No. 18 was authorized to carry a 3-foot unit of closed pouch space Sundays only for only 18 miles of its total train run of 211 miles. The authorized service produced a total of 270 car-foot miles

* * * * *

* * * Unauthorized space movements claimed in connection with the foregoing service consist of a charge for the 3 feet over the 193 miles remainder of the train run and 30 days operation of the space over the entire run of 211 miles, an aggregate of 21,885 car-foot miles.

The ratio in this case is 81 to 1, but the disparity becomes the more striking when it is shown that the company reported on R. M. P. Form No. 6 only one sack (or package) of mail carried in this unit of space, and investigation disclosed that it consisted of a bundle of newspapers from Chicago. The ratio between the space actually occupied by this mail and the space which the company claims, in effect, to have necessarily reserved in connection therewith, approximates 1 to 3,600.

I want to further state in connection with these that I have just read that in every case there is an apartment car run on the other days of the week in the train. (R. 487, 488.)

(F) EXCESSIVE CLAIMS OF UNAUTHORIZED SPACE IN CONNECTION WITH CLOSED-POUCH AUTHORIZATIONS IN TRAINS AUTHORIZED TO CARRY MAILS OVER PORTION OF TRAIN RUN.

Mr. McBRIDE testified on direct examination as follows:

Paragraph 29A of the instructions outlines a method for making claims in connection with mail-service authorizations on trains authorized to carry mail units over a portion of the train run.

A construction placed upon this paragraph by a large number of the companies resulted in its application to cases where the authorized miles of service constituted only a small fraction of the total train run. Excessive

claims under this construction are cited in the following cases:

Train No. 474 on route No. 143508 of the Chicago, Rock Island & Pacific has a 3-foot daily-except-Sunday authorization for 5 miles of its 177-mile train run.

The company's report on Form No. 6 shows that the maximum number of sacks carried on this train was 14, with a minimum of 9, and therefore the maximum requirement only amounted to one-third of the space provided by a 3-foot authorization, basing that statement on the 15 sacks to the foot. Notwithstanding this fact the company has claimed, in connection with its 5 miles of authorized service producing 450 car-foot miles, "a necessary operation of the space unit" over unauthorized trackage of 172 miles, making an aggregate of 15,480 car-foot miles. The ratio between the latter and the authorized total is 34.4 to 1.

I have a short table listing some other typical cases of the kind—on the Great Northern, the Baltimore & Ohio, and the Rock Island lines—and I would ask to have that incorporated.

(The statement referred to is as follows:)

Railroad.	Route No.	Train No.	Space authorized.		Space unauthorized.		Ratio unauthorized to authorized space.
			Miles.	Car-foot miles.	Miles.	Car-foot miles.	
Great Northern.....	141537	199	24	2,160	192	17,280	8.0 to 1
Baltimore & Ohio.....	113515	150	4	360	14	1,530	4.2 to 1
Chicago, Rock Island & Pacific..	143508	475	5	450	172	15,480	34.4 to 1
Great Northern.....	141546	113	4	360	26	2,340	6.5 to 1
Baltimore & Ohio.....	113515	164	4	360	18	1,530	4.2 to 1
Great Northern.....	141537	209	24	2,160	192	17,280	8.0 to 1
Do.....	161525	209	4	360	74	6,660	18.5 to 1
Chicago, Rock Island & Pacific..	143558	3	29	6,090	308	76,475	12.6 to 1

The WITNESS. The unjustified nature of the above claims is further emphasized by the fact that in the case of routes Nos. 141546 and 161525 the company reports on R. M. P. Form No. 6 only one sack (or package) as being carried over the authorized distance, while both Baltimore & Ohio cases cited show a maximum of 6 sacks. (R. 495-498.)

(G) EXCESSIVE CLAIMS OF RETURN MOVEMENT OF UN-AUTHORIZED SPACE CLAIMED IN CONNECTION WITH CLOSED-POUCH SERVICE AUTHORIZATIONS.

Mr. McBRIDE testified on direct examination as follows:

Another class of excessive claims frequently encountered consisted of cases embracing not only the features outlined in the foregoing statement, but combining, in addition, claims for the return movement of space for the full 35-day period.

Route No. 133526 on the Big Four presents a typical case of this character in connection with a Sunday-only authorization for a 3-foot unit of closed-pouch space on train No. 39 over a distance of 147 miles. The length of the train run is 157 miles, and the unauthorized claim for the remaining 10 miles on the 5 Sundays is supplemented by an entry covering the 30 week-day movements in train No. 39 of the space over the entire train run, and by an entry claiming the return of the space in train No. 40 for 35 trips of 157 miles.

The aggregate of these three unauthorized space claims is 30,765 car-foot miles—an amount 14 times as great as that arising from the actual mail service performed.

Route No. 131562 for the same company is identical, except for the fact that a greater volume of mail is carried thereon.

Train No. 9 on this route has a 3-foot Sunday-only authorization for a distance of 109 miles, the operation (3 feet by 5 trips by 109 miles) producing a total of 1,635 car-foot miles for the authorized service. The unauthorized claims in connection therewith are as follows:

Balance of car run on train No. 9, 3 feet by 5 trips by 27 miles, 405 car-foot miles.

Operation of space over entire train run on week days, 3 feet by 30 trips by 136 miles, 12,240 car-foot miles.

Return of space on trains Nos. 4 and 12, 3 feet by 35 trips by 136 miles, 14,280 car-foot miles.

Total unauthorized space claimed, 26,925 car-foot miles, the ratio being 16 to 1.

I have a table here, as well, showing other cases of the same general character.

For instance, on Great Northern route No. 161518, trains Nos. 207 and 208, in which there are 1,095 car-foot miles of authorized space in train No. 207, and unauthorized claims of 5,475 car-foot miles in train No. 207, and 6,570 in train 208; the return making a total of over 12,000 car-foot miles, a ratio of 11 to 1.

The other cases are similar and show ratios as high as 12.6 to 1.

I ask that that be incorporated with my statement.
(The statement referred to is as follows:)

Railroad.	Route No.	Train No.	Authorized (car-foot miles).	Unauthorized (car-foot miles).	Ratio unauthorized to authorized space.
Great Northern.....	161518	{ 207	1,095	5,475	.....
Return movement.....			208	6,570	
Total.....			1,095	12,045	11.0 to 1
Great Northern.....	161517	{ 173	1,080	5,400	.....
Return movement.....			172	4,590	
Total.....			1,080	9,990	9.3 to 1
Union Pacific.....	157530	{ 517	1,530	7,650	.....
Return movement.....			518	1,530	
Total.....			1,530	9,180	6.0 to 1
Great Northern.....	171529	{ 253	2,055	10,275	.....
Return movement.....			254	12,330	
Total.....			2,055	22,605	11.0 to 1
Great Northern.....	161512	{ 217	915	4,575	.....
Return movement.....			218	5,490	
Total.....			915	10,065	11.0 to 1
Oregon-Washington Railway & Navigation.....	170513	{ 24	750	4,350	.....
Return movement.....			23	5,100	
Total.....			750	9,450	12.6 to 1
Great Northern.....	161501	{ 195	2,130	10,314	.....
Return movement.....			196	12,780	
Total.....			2,130	23,094	10.8 to 1
Great Northern.....	161516	{ 213	1,200	6,000	.....
Return movement.....			214	7,200	
Total.....			1,200	13,200	11.0 to 1
Great Northern.....	161531	{ 197	1,965	9,825	.....
Return movement.....			198	11,790	
Total.....			1,965	21,615	11.0 to 1
Union Pacific.....	165519	{ 103	3,710	22,260	.....
Return movement.....			104	13,250	
Total.....			3,710	35,510	9.6 to 1
New York, Ontario & Western.....	107519	{ 173	480	2,880	.....
Return movement.....			174	480	
Total.....			480	3,360	7.0 to 1

(R. 488-493.)

(H) EXCESSIVE CLAIMS OF UNAUTHORIZED SPACE OUTWARD AND UNAUTHORIZED RETURN SPACE IN CONNECTION WITH TRAINS CARRYING CLOSED-POUCH AUTHORIZATIONS OVER PARTS OF RUNS.

Mr. McBRIDE testified on direct examination as follows:

Another class of excessive claims embodies the characteristics which are described as applying to the foregoing group, combining therewith the additional feature of a charge for the return movement of the unauthorized space over the entire mileage of a complementary train run.

In the table, which I will ask to have incorporated in my statement, there are a number of typical cases presenting claims of this character that show that in no case did the maximum number of mail sacks carried over the short distance authorized require more than one-quarter of the space provided by the authorized mail unit; that in those cases marked with an asterisk the company's report on Form No. 6 indicates that the mail was carried in an oversized railway post-office apartment and should have no space—authorized or unauthorized—charged to any part of the car outside of the excess apartment.

I will read one or two of the cases:

Oregon-Washington Railroad & Navigation Co., route 170515, train 15, has an authorization for 7 miles, resulting in 630 car-foot miles. The additional space claimed in connection with that was for 35 miles additional operation of 3,150 car-foot miles and the return for the entire 42 miles, make a total of 6,930 car-foot miles—a ratio of 11 to 1.

The maximum number of sacks carried on any day of the period during which the count was kept was 1 piece.

Chicago, Rock Island & Pacific, route No. 143558, a 3-foot authorization for 30 trips for 29 miles, resulting in 6,090 car-foot miles of authorized space. The claims in connection with that are for the 308 miles remaining of the run, resulting in 64,680 car-foot miles, and the same for the entire distance on Sundays, resulting in 11,795 car-foot miles, and the return movement of 35 trips over the entire mileage, 82,565 car-foot miles, making a total of 159,040 car-foot miles of space claimed in connection with the mail service, as against 6,090 authorized service—a ratio of 26 to 1. And these mails were all carried in an oversized apartment car, the excess space in which is also claimed in connection with mail service in column 12.

Pennsylvania Co., route 131551, train No. 9, 25 trips for 40 miles of authorized service, resulting in 3,000 car-foot miles of authorized service. The unauthorized space

claimed in connection with this operation amounts to 95,280 car-foot miles over the entire mileage of the run, which is 468 miles, and is of the same general character as the case I just read, resulting in a ratio of 31 to 1. The maximum number of sacks carried in this authorization during the statistical period was 1 sack.

I ask to have this table incorporated also.

(The statement referred to is as follows:)

	Route No.	Train No.	Num-ber of trips.	Space authorized.		Space unauthorized.		Maximum and minimum number of sacks (per R. M. P. Form 6).	Ratio un-authorized space to authorized space.
				Miles.	Car-foot miles.	Miles.	Car-foot miles.		
Great Northern.....									
Sunday movement.....	171, 525	{ 459	30	50	4, 500	132	11, 880	} 11 and 3	7.5 to 1.
Return movement.....		{ 459	5			182	2, 730		
Total.....		{ 456	35			183	19, 215		
Oregon-Washington Railroad & Navigation.....									
Return movement.....	170, 515	{ 15	30	7	630	35	3, 150	} 1 and 1.	11.0 to 1.
Return movement.....		{ 16	30			42	3, 780		
Total.....					630		6, 930		
Chicago, Rock Island & Pacific.....									
Sunday movement.....	143, 568	{ 3	30	29	6, 090	308	64, 680	} (*)	26.1 to 1.
Return movement.....		{ 3	5			337	11, 795		
Total.....		{ 4	35			337	82, 565		
St. Louis-San Francisco.....									
Return movement.....	147, 509	{ 753	30	6	6, 090	42	159, 040	} 5 and 3.	15.0 to 1.
Return movement.....		{ 754	30			48	3, 780		
Total.....					540		4, 320		
Great Northern.....									
Return movement.....	141, 516	{ 849	30	27	2, 430	31	2, 790	} 4 and 2.	3.3 to 1.
Return movement.....		{ 850	30			58	5, 220		
Total.....					2, 430		8, 010		
Chicago, Rock Island & Pacific.....									
Return movement.....	143, 530	{ 435	30	10	900	116	10, 440	} (*)	24.2 to 1.
Return movement.....		{ 436	30			126	11, 340		
Total.....					900		21, 780		

* Report of company indicates that mail was carried in oversized railway post-office apartment and no space should be charged to the mail, outside of the apartment.

	Route No.	Train No.	Number of trips.	Space authorized.		Space unauthorized.		Maximum and minimum number of sacks (per R. M. P., Form 6).	Ratio unauthorized space to authorized space.
				Miles.	Car-foot miles.	Miles.	Car-foot miles.		
St. Louis-San Francisco.....	145,502	{ 257 256	25	39	2,925	96	7,200	11 and 5.....	5.6 to 1.
Return movement.....			25	124	.....	9,300	.....	
Total.....					2,925		16,500		
Pennsylvania Co.....	131,551	{ 9 9 8	25	40	3,000	428	32,100	1 and 1.	31.8 to 1.
Balance of train run.....			10	.....	.....	14,040	.....	
Return movement.....			35	468	49,140		
Total.....					3,000		95,280		
Missouri, Kansas & Texas.....	155,556	{ 65 66	30	14	1,260	90	8,100	1 and 1.....	13.8 to 1.
Return movement.....			30	104	9,360		
Total.....					1,260		17,460		

(R. 498-502.)

(I) EXCESSIVE CLAIMS OF UNAUTHORIZED AND UNUSED SPACE CITED FAIRLY DESCRIPTIVE AND REPRESENTATIVE OF MANNER IN WHICH THE RAILROADS GENERALLY REPORTED AND CLAIMED THE UNAUTHORIZED SPACE.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). I will ask you, Mr. McBride, if these examples are fairly descriptive and representative of the manner in which the railroads have generally reported and claimed the unauthorized space tabulated?

Answer. In answer to that, I will state that we did not, by any means, tabulate all of the cases which came to our attention during the examination of the reports. I do not think all the roads went to the extent that some of them did in making these claims. I will not say that it was characteristic of all the reports, but of a great majority of the companies this was the manner in which they made these claims. (R. 503.)

(J) UNAUTHORIZED SPACE CLAIMS IN CONNECTION WITH CLOSED-POUCH SPACE AUTHORIZATIONS. PENNSYLVANIA CO. (POSTOFFICE DEPARTMENT EXHIBITS 86 AND 87.)

Mr. McBRIDE testified on direct examination as follows:

Now when we go into the claims for unauthorized space in connection with closed-pouch space we find some even more startling claims.

I will invite your attention first to Pennsylvania Co. route 131551, trains 9 and 8, and I ask to have this chart received and marked Exhibit 86.

* * * * *

This train (9) is operated between Pittsburgh and Chicago, 468 miles. The only mail authorization in either one of these trains is a 3-foot closed-pouch unit 25 trips from Pittsburgh to New Galilee, 40 miles, resulting in 3,000 car-foot miles of authorized service.

In connection with this authorization the company has claimed the operation of this 3-foot of space for 25 trips over the balance of the train run, producing 32,100 car-foot miles, has claimed the operation of 3 feet of space 10 trips over the entire mileage, 468 miles, producing 14,040 car-foot miles, and has claimed in train 8, the return movement, the 3 feet of space for 35 trips, 468 miles, producing 49,140 car-foot miles, resulting for these two

trains in a claim of 95,280 car-foot miles of unauthorized space to 3,000 car-foot miles of authorized space, or a ratio of 31.8 to 1.

Question (by Mr. STEWART). I suppose that illustrates the railroads' theory that when the closed-pouch unit is authorized anywhere on the run the space must be reserved for the mails outbound as far as the train may run, and on the return trip also?

Answer. And also those particular claims involve the claim that they find it necessary to run that 3-foot space on other days when the mails are not authorized, because of that 3-foot authorization for 40 miles.

Question. On some other days?

Answer. On some other days.

* * * * *

Question (interrupting). How many pouches were carried on that train, Mr. McBride, under the authorization of a 3-foot unit for 40 miles between Pittsburgh and New Galilee?

Answer. *The claims become even more preposterous when it is shown that the average amount of mail on train 9 over the 40 miles was ONE sack per day.** One sack of mail was carried from Pittsburgh to New Galilee, and in consequence of that one sack being carried we are charged with 95,280 car-foot miles of unauthorized space.

Question (by Mr. WOOD). That is the same kind of a case that you discussed when you were on the stand before, and you gave me at that time what the total amount was involved in cases of that kind. Will you give me that again?

Answer. I don't know that I have that here.

Question. It was very insignificant, as I remember.

Answer. Operations of this kind I don't think are insignificant. In the storage and closed-pouch space they are very frequent. They occur on very many routes. In the testimony that I gave before I did cite a number of cases similar to this, although I did not recite them all.

Question (by Mr. STEWART). And this and like cases all enter into the basis which the railroads are urging as the guide for fixing the rates for carrying the mails?

Answer. Not only that, but *space of this character entered into the car-foot miles which formed the percentage for the division of the unoccupied space in mixed cars.**

Question. Loaded both ways?

Answer. *Served to increase the mail participation in such unoccupied space.** (R. 3841-3844.)

* Italics are the Department's.

Mr. McBRIDE testified also on direct examination:

* * * I would like to invite your attention to another case on this same route, Pennsylvania Co. 131551, and have prepared a chart in this case which I will ask to have received as Exhibit 87.

* * * This chart relates to trains 115 and 142, trains running between Chicago and Pittsburgh. The authorized mail space in these trains is as follows: 3 feet between Gary and Valparaiso, 29 trips, 16 miles; and 3 feet, 19 miles, between Columbia City and Fort Wayne.

Unauthorized movements claimed in connection with this authorized space are as follows: Between Chicago and Gary, 27 miles; between Valparaiso and Columbia City, 85 miles; and between Fort Wayne and Pittsburgh, 321 miles. On train 142 there is no authorization of mail space, but 3 feet for the entire period in that train, resulting in a claim of 49,140 car-foot miles in that train. In both trains the authorized car-foot mileage equaled 3,330, and the unauthorized mileage equaled 94,509, or a ratio of 28.4 to 1.

Question (by Mr. STEWART). That is the same kind of a case as the other?

Answer. The same kind as the other. The reason there were only 34 trips shown is because the car was shopped at Fort Wayne on April 7. The disparity between these unauthorized and authorized claims is shown to be more striking when you examine the company's report on Form No. 6, showing that a maximum of nine sacks was carried on this train at any time during the statistical period.

Question. What was the minimum?

Answer. One sack. *As in the other case, all of this item of 94,000 car-foot miles was included in the car-foot miles forming the percentage of 9 and a fraction upon which basis the railroad's plan divides the operating expenses and other matters, and also was included in the basis for the division of the unoccupied space of this system.** (R. 3844-3846.)

(K) UNAUTHORIZED SPACE CLAIMS IN CONNECTION WITH CLOSED-POUCH SPACE AUTHORIZATIONS, BIG FOUR RAILROAD.

Mr. McBRIDE testified on direct examination as follows:

This case is similar to that on route 133516 of the Cleveland, Cincinnati, Chicago & St. Louis Railway, where train 18 is authorized to carry a 3-foot unit of closed-pouch space Sundays only for 18 miles of its total train run of 211

*Italics are the Department's.

miles. This produced a total of 270 car-foot miles authorized. The unauthorized-space claim in connection with this service consists of a charge for the 3 feet of space for the 193 miles, the remainder of the train run, and 30 days' operation of the space over the entire run of 211 miles, that covering the remaining days of the period when no mails were carried in this car, there being an apartment car operated there during the week.

As in the other cases, but one sack of mail was carried on any day * * * on this train, according to the report of the company.

Another case like that is that of train 39 of the Big Four, where the authorization consists of a 3-foot unit of closed-pouch space, on Sundays only, over a distance of 147 miles. The train run is 157 miles long, and the unauthorized claim for the remaining 10 miles on the five Sundays is supplemented by an entry covering the 30 week-day movements over the entire train run and by an entry in train No. 40 covering the 3-foot unit for the entire 35 trips over the entire mileage. * * * (R. 3846, 3847.)

(L) CLAIMS OF UNAUTHORIZED SPACE IN CONNECTION WITH CLOSED-POUCH SPACE AUTHORIZATIONS, NORTHERN PACIFIC RAILWAY.

Mr. McBRIDE testified on direct examination as follows :

In the closed-pouch service these conditions also obtain. On the Northern Pacific, route 171502, train 593, operated between Chehalis and South Bend, Wash., the authorization is a 7-foot closed-pouch service, Sundays only, 56 miles, producing 1,960 car-foot miles. There was claimed the operation of this 7-foot closed-pouch unit for the remaining 30 trips over the same mileage, producing 11,760 car-foot miles.

Question. That is for the week days ?

Answer. That is correct. (R. 3858, 3859.)

EMERGENCY SERVICE.

(A) EXCESSIVE CLAIMS OF UNAUTHORIZED SPACE IN CONNECTION WITH EMERGENCY SPACE AUTHORIZATIONS.

Mr. McBRIDE testified on direct examination as follows:

I would like to next take up the question of unauthorized claims in connection with emergency authorizations.

I want, first, to state that emergency authorizations, except in cases where a full car of emergency mails is requested, is always taken care of in the regular consist of

the train. Therefore the claim can not be made that the operation of the space occupied by emergency mail is a necessary operation, as the space is already in the car and the train, and would still be operated whether the emergency mails were carried or not. With even less reason can it be asserted that the operation of space represented by emergency authorizations over the remaining car run or in the return direction is a necessary operation on account of the mail service. The railroads, however, in many cases not only charged the space authorized, with which I have no quarrel, but have claimed the amount of space occupied by the emergency authorization over the remainder of the car run, and the return movement over the entire run. *All of this space was included in the basis for charging to the mails a part of the unoccupied space in the mixed cars, thus increasing the mail percentage of participation.** (R. 3866.)

Southern Railway:

I want to call particular attention to the case of the Southern Railway, route 114527. Train No. 9 operates daily from Washington to Danville, 238 miles. A 3-foot unit of closed-pouch space is authorized in that train daily except Sunday. In connection with that train, the railroad has claimed the operation of this 3 feet of space daily except Sunday, resulting in 21,420 car-foot miles.

Question (by Mr. WOOD). That is from Washington to where?

Answer. To Danville. This is one case where the company failed to claim the operation of this space on Sundays. I don't know how to account for it.

Question (by Mr. STEWART). Did the railway mail pay committee discover it?

Answer. It was not brought to our attention. If it had been we would have changed it in accordance with the rule which they had been following.

The car operated in this train ranges from 39 feet for 9 trips to 64 feet for 16 trips, a 44-foot car operating on six days and a 60-foot car on four days.

Question (by Mr. WOOD). What do those figures mean?

Answer. Forty-four-foot on six days and 60-foot on four days. Sixteen feet of baggage was charged every day, there being unoccupied space as follows:

Nine days, 20 feet, 42,000 car-foot miles.

Six days, 25 feet, 35,000 car-foot miles.

Four days, 41 feet of unoccupied space, 39,000 car-foot miles.

*Italics are the Department's.

On 11 trips, 45 feet of unoccupied space, 117,000 car-foot miles.

On 5 days, 48 feet of unoccupied space, 59,000 car-foot miles.

A total of 292,000 car-foot miles of unoccupied space.

We now come to the emergency. During this period a number of 3-foot emergency space units were carried on this train on various dates for various distances out of Washington.

On April 13, one such unit is claimed from Washington to Fairfax, a distance of 23 miles. In connection therewith the company claimed what they said to be a necessary unauthorized movement of that 3-foot unit of space over the remainder of the train run of 215 miles, notwithstanding the fact that there was from 20 to 48 feet of unoccupied space every day.

On April 7 the emergency was for 33 miles, and the unauthorized claim in connection therewith covered a distance of 205 miles.

On April 18 the emergency service was performed for a distance of 37 miles, and the unauthorized movement claimed for 201 miles.

The average haul of all the emergency units claimed on this train during the test period was 59 miles.

Question (by Mr. STEWART). What is the total length of the run?

Answer. Two hundred and thirty-eight miles.

Question (by Mr. WOOD). What was the unoccupied space out of Washington on that train?

Answer. I assume that it was as stated, from 20 to 48 feet.

Question. Well, does the report show where that unoccupied space was, whether it was from Washington, whether it was out of Washington, or whether it was farther along on the line?

Answer. It was over the train run, except where it was reduced by these emergency claims.

The company in each instance has made claim for unauthorized space, setting forth that it was necessary in every case to reserve and set apart that amount of space for the remainder of the train run. In view of the fact that during the entire period the mixed car shows from 20 to 48 feet of unoccupied space, and that the emergency unit carried only served to utilize part of the otherwise unremunerative space, it is difficult to justify these claims for unauthorized space in train 9, and still more so to find any sort of a reasonable explanation why 26 return move-

ments of this emergency space should have been claimed in train No. 10.

This latter claim is for 3 feet 26 trips, 238 miles, and results in a charge of 18,564 car-foot miles, which, together with those made in train No. 9, make an aggregate of 31,368 car-foot miles of unauthorized service claimed in connection with emergency service, which amounted to only 5,760 car-foot miles. The report for this route alone shows 17 claims for unauthorized movement of the character described.

Question (by Mr. STEWART). So they treated the emergency service in the same manner as the regular service? (R. 3866-3871½.)

Alabama Great Southern Railway:

Answer. I have some other cases, Mr. Stewart. On the Alabama Great Southern, trains 11 and 12, emergency service authorized and paid for in train 11, amounting to 5,395 car-foot miles. Unauthorized space claimed in connection therewith, 3,537 car-foot miles in train 11, and 8,008 car-foot miles in train 12, the return, or a ratio of 2.1 to 1.

Another case on the same road, route 124522, the same trains, only reversed. In train 12, the emergency space was authorized and amounted to 2,514 car-foot miles, and the unauthorized space claimed in train 12 equaled 3,492 car-foot miles, the return in this case being claimed in train 11, and amounted to 5,082 car-foot miles, or a total of 8,574 car-foot miles as against 2,514 car-foot miles authorized, or a ratio of 3.4 to 1. (R. 3871½, 3872.)

Denver & Rio Grande Railroad:

On the Denver & Rio Grande, route 165502, trains 472 and 471, 465 car-foot miles of emergency paid for in train 472; unauthorized space claimed in connection therewith, 4,035 car-foot miles, and in 471, the return, 4,500 car-foot miles, or a total of 8,500 car-foot miles unauthorized, compared with 465 car-foot miles authorized, or a ratio of 18.4 to 1.

Question. Where you speak of the return charge, there was no authorization?

Answer. No authorization on the return. On the same road, route 169507, trains 5 and 4. Train 5 had authorized emergency space paid for to the amount of 1,893 car-foot miles. Unauthorized space claimed in connection therewith in that train amounted to 6,099 car-foot miles. Unauthorized space claimed in train 4, as a return of that space, amounted to 6,993 car-foot miles, or a total of 13,092 car-foot miles unauthorized as against 1,893 car-foot miles authorized, or a ratio of 6.9 to 1. (R. 3872.)

And additional cases:

St. Louis & San Francisco, route 145524, trains 29 and 30, 756 car-foot miles of emergency space paid for; 3,024 car-foot miles unauthorized space claimed in train 29 and 5,355 car-foot miles in train 20, the return movement, making a total of 8,379 car-foot miles unauthorized as against 756 car-foot miles authorized, or a ratio of 11 to 1.

Southern Railway, route 121539, train 18, 1,848 car-foot miles authorized and paid for; claimed in connection therewith, 3,927 car-foot miles in train 18 and 5,775 car-foot miles in train 17, the return train, or a ratio of 5.3 to 1.

* * * * *

Wabash Railway, route 135541, train 4, emergency space paid for, 198 car-foot miles; unauthorized space claimed in connection therewith, 1,062 car-foot miles; ratio of unauthorized to authorized space, 5.4 to 1.

Pennsylvania Co., route 135551, train 628, emergency space paid for, 48 car-foot miles; unauthorized space claimed in connection therewith, 1,527 car-foot miles; ratio of unauthorized to authorized space, 31.8 to 1.

Southern Railway, route 120517, train 11, emergency space paid for, 189 car-foot miles, unauthorized space claimed in connection therewith, 198 car-foot miles on train 11, and on train 12, the return movement, 387 car-foot miles, or a total of unauthorized space claimed of 585 car-foot miles, a ratio of 3.1 to 1.

Boston & Albany, route 104513, trains 36-42 and 48-62, emergency space paid for, 444 car-foot miles; unauthorized space claimed in connection therewith, 2,172 car-foot miles, or a ratio of 4.9 to 1.

Southern Railway, route 127520, trains 6 and 5, emergency space paid for, 438 car-foot miles; unauthorized space claimed in connection therewith, on train 6, 432 car-foot miles, and on train 5, the return movement, 870 car-foot miles, making a total of 1,302 car-foot miles unauthorized, or a ratio of 3 to 1.

Cincinnati, New Orleans & Texas Pacific, route 129509, trains 3 and 4, emergency space paid for, 3,340 car-foot miles; unauthorized space claimed in connection therewith, 4,096 on train 3, and on train 4, the return movement, 7,436 car-foot miles, or a total of 11,532 car-foot miles, being a ratio of 3.5 to 1.

Cincinnati, New Orleans & Texas Pacific, route 129509 again, trains 5 and 2, emergency space paid for, 246 car-foot miles; unauthorized space claimed in connection therewith, 768 car-foot miles on train 5, and on train 2, the re-

turn movement, 1,014 car-foot miles, making a total of 1,782 car-foot miles unauthorized, or a ratio of 7 to 1.

Pittsburgh, Cincinnati, Chicago & St. Louis, route 133538, train 807, emergency space paid for, 150 car-foot miles; unauthorized space claimed in connection therewith, 1,134 car-foot miles, or a ratio of 7.6 to 1. (R. 3873-3875.)

CASES CITED IN TESTIMONY TYPICAL OF MANNER IN WHICH THE RAILROADS REPORTED AND CLAIMED SPACE THROUGHOUT THEIR REPORTS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. STEWART). Is it not a fact, Mr. McBride, that, aside from the cases where the instructions might have been stretched, the cases you have cited are typical of the manner in which the railroads have reported and claimed space throughout their reports.

Answer. I think so, yes, sir. Whenever such conditions obtain the space was, as a rule, reported in that way. (R. 3911.)

TOTAL OF UNAUTHORIZED SPACE CLAIMS CLASSIFIED AS "H."

Mr. McBride testified on direct examination as follows:

Before leaving that I would like to again call attention to the fact that movements that I have described will be under the classification "H" on Exhibit 48, and amount to 1,500,000 car-foot miles, all of which was included in the basis for the apportionment of the unoccupied space; that is, included in the mail space as a total.

Question (by Mr. WOOD). Total of what?

Answer. Total of the emergency claims that I have been testifying about.

Question. Total of emergency claims was how much?

Answer. I can tell you exactly.

Question. Do you mean authorized or unauthorized?

Answer. Unauthorized, shown as "H" on Exhibit 48. It is 1,624,158.

Question. And you think that these cases that you have given are illustrative of the ratio of the unauthorized to the authorized in emergency service?

Answer. I would not say so. Not in all cases. They are in the cases that I have stated. (R. 3875.)

CASES CITED ILLUSTRATIVE OF SPACE CLASSIFIED AS "H."

Question (by Mr. WOOD). This 3 to 1, 7 to 1, and 10 to 1—you think that those cases are illustrative of the unauthorized to the authorized?

Answer. They are illustrative, I think, of the cases where we classify it as "H." (R. 3876.)

(B) NO WARRANT FOR CHARGING UNUSED OR RETURN EMPTY SPACE IN CONNECTION WITH EMERGENCY AUTHORIZATIONS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, then, Mr. McBride, with reference to the emergency space. I don't think that I quite understood your criticism of the use of emergency space. What was it?

Answer. You mean unauthorized space claimed in connection with emergency space?

Question. Yes.

Answer. Well, my point there is that it can not be argued by the railroads, even on their own theory, that they are required to reserve any space for emergency units, because they are only carried when the consist of the train will permit. It seemed to me, therefore, that there was very little warrant, in fact none at all, for charging that space over any part of the run where no mails were carried, and even less for the claiming of return space in connection therewith. * * * (R. 3933.)

THE RAILROADS' APPORTIONMENT OF THE UNOCCUPIED SPACE IN MIXED CARS.

(A) THE RAILROADS APPORTIONED UNOCCUPIED SPACE IN ALL MIXED CARS TO THE MAILS ON THE BASIS OF THE PER CENT REPRESENTING AUTHORIZED SPACE PLUS ALL UNAUTHORIZED AND EXCESS SPACE CLAIMED IN CONNECTION THEREWITH.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Then your apportionment to the mails of the car-foot miles, of the part of the 593,062,084 car-foot miles, is made not only on the basis of the authorized space, but the authorized space, this direct assignment of the excess over authorization, unauthorized, and so forth?

Answer. No, sir, no excess over authorized in there. This assignment is made only on the basis of the use of the mixed cars. It excludes entirely any full cars or any

parts of mail service expressed in apartment cars. The assignment on the basis of the total of the mixed cars only. None of the full cars participate in the assignment in that case at all. As you were about to say, however—eliminating the full cars and apartments—that is then distributed on the basis of both the authorized and the unauthorized in the mixed cars as to the small storage and the closed-pouch units. The total percentages are shown for each class of service in column 14. (R. R. Exhibit 6.)

Question. Can you state whether your item 593,062,084 car-foot miles in column 15 represents unoccupied space in mixed cars in which mails were carried?

Answer. It represents unoccupied space in all mixed cars, some of which did not carry mail.

* * * * *

Question. Now, coming back to this mixed car proposition, it then appears that your 593,062,084 car-foot miles included space in mixed cars in which no mails whatever were carried or no mails were authorized to be carried.

Answer. Yes, sir.

* * * * *

Question. Now, do you know the extent of that?

Answer. No, sir.

Question. Have you any idea whether or not it equals, exceeds, or is less than the 221,324,930 car-foot miles included in this 593,062,084 of yours?

* * * * *

Question. It is 35 days for the 140 roads of the first class. Now six-sevenths of that would be 190,973,691 car-foot miles, and I am asking you whether you have any view as to whether the amount is equal to that or more or less?

Answer. Well, if I were asked, as I think I am, to guess at the matter, I would say that it would be less; but it might be as much as 190,000,000 out of the 593,000,000, so that 12½ per cent of that would be an excessive charge to the mail, if your interpretation is right rather than ours. We, however, think that we have only charged what was reasonably fair, on the general average.

Question. Then, Mr. Wettling, you would not have your 12.44 per cent remaining? It would change that per cent, of course?

Answer. Yes. I beg your pardon. It would. I was not thinking far enough ahead on that. It might reduce that down to as much as 10, possibly. I don't think it could be that far. (R. 1293, 1294, 1298, 1299, 1300.)

(B) RATIO OF UNOCCUPIED SPACE CHARGED TO MAILS OBTAINED BY INCLUDING WITH THE AUTHORIZED SPACE ALL THE EXCESS AND UNAUTHORIZED SPACE REPORTED.

Mr. FAIRFIELD testified on cross-examination as follows:

Question by (Mr. STEWART). You spoke of there being a very small part of your car-miles represented by trains on which no mails were carried?

Answer. Practically none; yes, sir.

Question. But you referred only to the one line, did you not, one system?

Answer. Well, the entire system.

Question. All the roads that you have mentioned in your testimony?

Answer. Well, I am speaking there about the Illinois Central and the Central of Georgia systems.

Question. Then, of course that is confined only to those systems and not to those other systems which are represented on your diagrams here and about which you have given testimony?

Answer. On that particular point I have no direct knowledge on the other roads.

Question. In so far as that space did exist in your operation, in this statistical period, you charged to the mails a proportion of that, did you not?

Answer. In so far as it existed, I think, in April. I tried to think last night of any trains operated in April on which we had no mail service. I can think of none at all on our lines; the service is so very frequent, and we have mail service of some kind on practically every train—every train, so far as I can think.

Question. However, if they were there they were treated that way?

Answer. They were; yes, sir.

Question. This unused space was not only charged to the mails in certain ratio, but that ratio itself obtained by taking the authorized space and adding to it all of this other excess and unauthorized space, was it not?

Answer. Yes, sir. (R. 2336, 2337.)

(C) FURTHER DISCUSSION OF THE QUESTION OF THE TREATMENT OF UNOCCUPIED SPACE IN MIXED CARS BY MR. WOOD, MR. STEWART, AND ATTORNEY EXAMINER BROWN.

Mr. WOOD. Mr. Stewart, you don't mean that they added in the unauthorized space in apartment cars and railway post-office cars and full cars; you mean that

when jackpotted, all of the authorized and unauthorized space in the mixed cars?

Mr. STEWART. Yes, that is what you divided.

Mr. WOOD. No; that is also the factor used in making the apportionment.

Attorney Examiner BROWN. Well, you did do this, which was brought out by Mr. Bradley. You took every passenger train you run and apportioned 9 per cent, or about that, as I remember it—or some percentage—ratio to the mails for every passenger train, whether you carried any mails or not?

Mr. WOOD. I don't know what the per cent is, but what was done, Mr. Examiner, as I understand it, * * * was this, that the mixed cars were all treated as a unit; that the space in the mixed cars was treated without relation to the space in the full railway post office or apartment or the full storage; and that in the mixed cars they first charged directly to the passenger that which was represented by the occupied baggage space, ascertained in the manner in which the witnesses have described, which apparently at some time was ascertained on an average basis and sometimes on a yearly basis, according to the man who did it. They did the same thing with the express space. Then they charged to the mails the maximum mail authorizations in the manner that has been described here, with the return movement, thereby getting three classes, and that all of the unoccupied space in these mixed cars was then classified together as a fourth class and divided among the other three in the proportion which each of the other three was to the total of the other three, but that that related only to the distribution of the unoccupied space in the mixed cars—and by the mixed-car definition the mixed car must be included, not simply the full car which carries a mixed load, but the baggage end of an apartment car which carries a mixed load.

Attorney Examiner BROWN. Well, in that you, by using your percentage relation between the three, did charge to the mails the proportion of the space for the conduct of the passenger train where there never had been and never will be any mail carried in it.

Mr. WOOD. And we also charged to the baggage its proportion of the unoccupied space in cars that carried no baggage, but only mail and express, and we charged to the express a portion of the unoccupied space in cars that carried no express but only mail or baggage; but where the car carried only one kind of traffic, then that entire car or part of car was charged.

Attorney Examiner BROWN. Well, I think perhaps it would be well to have that explained.

Mr. WOOD. Mr. Wettling expects to go into that thoroughly; but whether the reasons for it were good or bad, I understand that to be the way that it was done, unless there might have been possibly some individual case in which some individual line might have followed it through car by car. That I don't know,

Attorney Examiner BROWN. And it is for the commission to determine, when it has the matter before it, whether the system used overweighted the mails or not.

Mr. WOOD. Exactly, sir. Now, I think that what I have stated, Mr. McBride, is a correct statement of the general process employed.

Mr. McBRIDE. I think in a general way, yes, except, of course, in the express service and baggage service, they were not charged with any return space, as you did with the mail.

Mr. WOOD. I understand that. In other words, I did not undertake to say how the direct charge was determined. That is already fully covered by the record. The examiner's question relates to the distribution of the unoccupied, as I understood it. (R. 2337-2340.)

(D) UNOCCUPIED SPACE IN MIXED CARS DIVIDED ON BASIS OF LOADED SPACE IN EACH OF THE SERVICES.

Mr. BRADLEY testified on direct examination as follows:

Question (by Attorney Examiner BROWN). That would be unauthorized space?

Answer. Yes, sir.

Question. Now, if that car runs from D back to A, and no mail is carried in it at all, you still charge that 15 feet to the mail?

Answer. Yes.

Question. That is unoccupied space?

Answer. Yes.

Question. But you do not charge in any case to the mails more space than is authorized, either through or on the return?

Answer. If I understand your question, the way the statistics were prepared, we charged in the baggage car to the mail service the space that was authorized, and so reported that as the authorized space. Now, in addition to that, following the principle that the experimental space-basis law provided, in regard to the accountability of the traffic for the round-trip movement, provision was made to charge the mail with the complementary return space associated with the outgoing loaded trip.

Question. The outgoing maximum?

Answer. Yes, sir.

Question. I think I understand it. That is, it was not divided between the express, the baggage, and the mail on any percentage?

Answer. Why, no. It was charged according to the amount of loaded space in each of those services, the instruction to the baggagemaster being to report the maximum amount of space of any of those traffics in either direction. (R. 2208, 2209.)

(E) APPORTIONMENT OF UNOCCUPIED SPACE IN MIXED CAR MADE UPON AGGREGATE OF ALL TRAIN ITEMS INVOLVED WHETHER MAILS WERE CARRIED IN THE PARTICULAR CARS OR NOT.

Mr. BRADLEY testified on cross-examination as follows:

Question (by Mr. STEWART). * * * Now, referring to your statements regarding the apportionment of the unoccupied space, and in that respect I shall not go over all of your items to analyze them, because it would be impossible from memory, or from the few notes that I have jotted down. I will ask you particularly about your apportionment of the unoccupied space in the mixed cars, whether or not it is true that in your apportionment you charge to the mails a part of all the unoccupied space in mixed baggage cars, whether the mails were carried in those cars or not at any time?

Answer. My understanding is that the charge to the mail service was made upon the aggregate of all the train items involved in the inquiry, without particular reference to whether the mail service was exactly represented in every one of those baggage and mail apartment cars; in other words, that it was a general approximation believed to be on a fair basis.

Question (by Attorney Examiner BROWN). That is to say, if you had an authorization for Monday and Tuesday over a given line, or Saturday and Sunday over a given line, you would charge it to space the balance of the week?

Answer. Yes, sir.

Mr. STEWART. That is not the case I refer to, Mr. Examiner. That would be conclusive as, perhaps, unused, but this space is unoccupied; there never was any mail authorized in that particular car, and yet in all of these cars, whether mails are ever carried in them at any time, the unused space was apportioned between the passenger, the express, and the mails, although the mails never participated in the space at all.

Attorney Examiner BROWN. Give me an instance of that. How could that happen, if you never had an authorization?

The WITNESS. How could that be, Mr. Stewart? While I have said that, so far as the Pennsylvania lines East are concerned, about 50 per cent of the passenger trains are authorized to carry mail, the other trains are in the attitude of readiness to carry it whenever it is presented. The department requires a train to carry mail in case it arrives from another road and misses its connection. The department makes its authorizations with practically no notice. We have to be instantly ready to comply. Why is there not an obligation on the part of the department to accept the responsibility for that space, as well as for the space that they directly occupy on a particular trip?

Question (by Attorney Examiner BROWN). Now, if the authorization is over a certain train between two points, and you run five other trains between those two points, do you mean to say that you charge up to the mails the space that is authorized in one train and against the operation of five other trains?

Answer. That would be a logical extreme of the statement, but, you see, you have unwittingly used the proportion 1 to 5, when I have already stated that 50 per cent of our trains do carry mail. So the application would be 1 to 2.

Question. Take the case you cited, where you run, I believe you said, four or five trains, between a main line point and a branch point, and that one of those trains carried all the mail.

Answer. That case was a mail apartment. The mail apartment is a fixed part of that combination car. The combination car was obliged to make this trip back and forth on all the trains that were run on that branch in order to perform the joint service, the mail service and the baggage service, but the mail was authorized for one or two or three trips, as the case may be. It had to be carried over the line, or else the company would have been obliged to have unlimited equipment, independent of these specially constructed mail cars.

Mr. STEWART. That is not the class of cases that I am calling attention to.

The WITNESS. I was replying to the examiner's question.

Mr. STEWART. Yes. The case I am calling your attention to is in this class where no mails were ever authorized in a car at all.

The WITNESS. The purpose of the inquiry, as I understood it, was to take the composite passenger train, repre-

senting, for the month of April or for the statistical period, all of the activities—passenger, miscellaneous, baggage, express, and mail. Now, as a whole, we view the participation of each of those services as measured by the space, there having been an agreement that space would be utilized as the yardstick for measuring the responsibility. Summing up, then, the general participation in each service in the composite train, we make a single charge to the mail in accordance with this loaded space and this return complementary space as a recognized principle in the space basis law.

Question (by Mr. STEWART). In other words, you, in your charging of the space, assume to make the Post Office Department a full partner with the railroad company in the transaction of its entire business and the operation of every car in every train on the road?

Answer. I think not, Mr. Stewart, no more than we make the passenger or the express a full partner, but we treat all of the shippers, all of the users of the railroad facilities, on a common basis.

Question (by Attorney Examiner BROWN). Well, is not your mail carriage on a different basis than your baggage and express? You stated it is a different kind of transportation. It is not connected with passenger in any way; it is not connected with an independent shipper in any way?

Answer. A very marked difference.

Question. Now, that difference is not sufficient to distinguish it from a division of baggage or express. Now, you must go back, must you not, to your authorizations? Assuming, now, without at all deciding it, that you were entitled upon the train that carried that mail to the maximum from the point of origin to destination, and the return thereon, is there any reason that you can think of that would justify your charging up to the mails space in a train in which mails were never carried?

Answer. I think, Mr. Examiner, that there is a very good and a very obvious reason. In the first place, our composite unit is the passenger train, composed of these different elements. Now, if we do not charge up to each of those elements the particular space that each is responsible for, directly and indirectly, it throws the burden on one of the other services, which would be unjust.

Question. Yes; but neither directly nor indirectly is this space that you charge up to the train that never carried the mail responsible at all for the movement of that train.

Answer. I can say this: If this case were concerned with the propriety of a rate made by the carrier, and presump-

posed to include all of the ancillary influences and credits and debits that should go with it, there would be a different situation from that which presents itself when the mail service is being paid for on the space basis. We have direct regard for tonnage, the quantity of traffic carried, and then enters an inquiry which seeks to establish the responsibility for the various portions of that service in accordance with the space which the Post Office Department and the experimental space law accept as the measure of their participation.

Question. Let me cite you a case. Your railroad runs through from New York to Chicago. A fast train, on which, by the way, you charge an extra fare, although I think you have run some of those cars on trains on which you do not charge an extra fare; you run one from Washington, for instance, where the Washington passenger can get the benefit of your buffet car and your library and all that. That is carried on that particular train. Now, that car does not earn anything. It is a mere added advantage to the traveler. It induces him to go by your road, perhaps, in contradistinction to going by some other railroad to the same destination point. Would you, on that theory, have a right to charge up the expense of the movement of a car similar to that to every train you ran from New York to Chicago, or Philadelphia, or Pittsburgh?

Answer. No. No; I do not see that the cases are on all fours.

Question. It seems to me they are undoubtedly so. Here the department gets connection with you when it authorizes you or requires you to carry certain mails in a certain train. Now, when you do that, how can you charge up the same space in a train in which the department has never asked you to carry the mail, and does not want you to carry it?

Answer. It seems to me that an analogous case might be if a passenger should come and say, "I am going to ride with you on certain days, and I would like to reserve space on other days, but I am not going to pay you for the days that I reserve it on."

Question (by Mr. STEWART). But your analogy would consist of 50 per cent of your trains in which you said no mail was ever carried.

Answer. In the general requirement in the space law or in the new law, which obliges a railroad company to perform a service in accordance with the conditions fixed by the Postmaster General, and when the department makes authorizations of such extreme variety that it is obvious that the carrier has to be ready under any conditions, and

at any time, to meet their wishes, the department can enforce that by the power which it has to impose fines for delinquencies.

Question. Did that apprehension in your mind ever cause the railroad company to run 1 foot of car space in any train that it would not have run otherwise?

Answer. Well, it is hard to tell how far these motives, consciously or unconsciously, affect operating officials, Mr. Stewart. I would rather not go into the psychological field.

Question. But that is the only reason, really, that the railroads can give for charging that against the mail; is not that correct?

Answer. No; I think not. I think the general justice of it applies, when you are studying the entire passenger train service. We would not be justified in charging that to some other. (R. 2233-2240.)

IN GENERAL.

(A) WHILE THE PURPOSE OF THE INQUIRY WAS TO DETERMINE RATES FOR THE UNITS OF SPACE DESIGNATED IN THE STATUTE, THE RAILROADS PROCEEDED ON THE THEORY OF CHARGING TO THE MAILS ALL SPACE OPERATED IN CONNECTION WITH EQUIPMENT IN THEIR POSSESSION AS A RESULT OF CONDITIONS UNDER THE WEIGHT BASIS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, Mr. Wetling, what did you conceive to be the purpose of this statistical inquiry with reference to this question of compensation for a 60-foot storage car unit?

Answer. To determine the amount of space that was necessarily operated by the railroad company in compliance with the requirements and demands of the Post Office Department as to the space. And as to the other matter, the determination generally should not apply to any particular kind of car or any particular kind of railway post-office or other mail space the cost of operating a 60-foot unit of space; that is to say, a car of space.

Question. Exactly. Now, if the statute fixed the maximum size of this unit of space which was to be required by the Post Office Department and furnished by the railroad company, as 60 feet, and the purpose of the inquiry was to ascertain the fair and reasonable value of service rendered in that unit, should not the tabulation of these statistics express, with respect to space and operation, that space and operation which coincides with the unit authorized by the statute and not in excess of it?

Answer. That was not our interpretation, Mr. Stewart.

Question. Well, don't you think that is a reasonable interpretation?

Answer. We tabulated that exact space, and in addition thereto any such space as we figured was necessary because of the conditions of operations, because of the conditions of the equipment and the class of equipment necessarily operated, also tabulated that space in addition to the one that you mention. We do not restrict it entirely to the 60 feet.

Question. But if the 60-foot car unit is to be a permanent unit, having been fixed by statute in the beginning and having been adopted by the department in the enforcement of its operations under that statute, and we having come before the commission for the purpose of having them fix a fair and reasonable rate to be paid to the companies for the operation of that unit, where is the justification in charging to the department any greater operation than a 60-foot car unit in ascertaining that fair price?

Answer. I think that I will leave that argument for counsel to take care of. It seems to me that we have put up our statistics on the basis that we conceived they should be put up, and on the theory that we were charging for the operation of such space and such cars as, because of our inability to meet certain conditions demanded by the Post Office Department, it was necessary for us to make such charges.

Question. Well, then, in effect the position of the railroads' action on these statistics is this: That instead of charging to the mails the correct space and operation of that space which corresponds with the unit of service which was authorized by Congress and which the department is using and asking the commission to make a rate on, the companies have charged to the mails not only that space and operation, but all the excess space found to have been operated by the companies in connection with that 60-foot unit which has grown out of a condition found in the nature of the equipment in the possession of the companies and the manner in which they have seen fit to construct that equipment in the past. Is not that true?

Answer. That necessarily follows; yes, sir. (R. 1238-1240.)

Mr. WETTLING testified further that the railroads did not make any effort to conform cars and apartments to the sizes prescribed, because it was not definitely determined by the statute that such change should be made until after the test.

Question (by Mr. STEWART). Mr. Wettling, do you know whether the railroad companies attempted to conform their equipment to these units of space authorized by the statute?

Answer. I don't think that they did, because of the fact that it was not definitely determined by the statute that the equipment should be so conformed until after a test had been made, then it might be required of them. But I don't think that there was anything in the statute which required of the carriers to conform their space and the partitioning off of their cars to the units recited in the statute, in any event, until after a test and a hearing and a decision of the Interstate Commerce Commission had been rendered with regard thereto. It was not practicable to make such a change, even if it were desirable, on the short notice that was had between the time of the enactment of the statute and the time of the installation of the service. (R. 1241.)

Question. Now, Mr. Wettling, I don't know whether you are acquainted with the fact or not, but I will ask you whether you do know that, following the time the orders were issued for placing this service on the space basis the railway mail pay committee representing the railroads in this case issued instructions to the railroads to not change their equipment.

Answer. Now, it is just barely possible that might have happened, but I don't remember any such occurrence at any conference I attended, nor I did not see a circular to that effect.

Question. If you do not know, of course I won't ask you to reply.

Answer. I can conceive why it might be done.

Mr. STEWART. May I ask, Mr. Examiner, that this letter of the Second Assistant Postmaster General, dated November 2, 1916, on that subject, be received in evidence?

Mr. WOOD. May I see it?

Mr. STEWART. Certainly (handing paper to Mr. Wood).

Mr. WOOD. I have no objection.

Attorney Examiner BROWN. It may be received as Post Office Department Exhibit No. 71. (R. 1246, 1247.)

(B) THERE IS SUBSTANTIAL AGREEMENT BETWEEN THE CHARACTER OF THE UNAUTHORIZED AND UNUSED SPACE DESCRIBED BY THE DEPARTMENT ON EXHIBITS 47 AND 48 AND THE LIKE SPACE DESCRIBED IN THE RAILROADS' EXHIBITS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, referring to this form, Post Office Department Exhibit No. 47, which is explanatory of the columns on Post Office Department Exhibit No. 48, you are familiar with the general description of this class of excess and unauthorized space as detailed on this form, are you not?

Answer. To a certain extent.

* * * * *

Question. Now, in order that we might get to a conclusion, I am merely desiring to identify the Post Office Department exhibits and descriptions with yours.

Answer. It is rather hard to do, Mr. Stewart.

Question. I mean the subject matter, not the descriptions themselves.

Answer. Oh, the general subject matter and the general total?

Question. Yes.

Answer. We agree closely as to that. (R. 1286, 1287.)

(C) IF THE SPACE BASIS IS RETAINED, THE RAILROADS WILL MAKE CHANGES IN EQUIPMENT TO CONFORM TO THE UNITS DETERMINED UPON.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, Mr. Wetting, if the space basis should be retained, are you prepared to say that the railroad companies will still continue this equipment as it is now, or will they make it conform to the actual units provided by law?

Answer. Why, it seems to me, Mr. Stewart, that if you once definitely determine that certain stated exact units were going to be regularly required of the railroad companies, that they will, as fast as they can, make the changes to conform those units to the requirements of the Post Office Department; but that does not necessarily mean that they are going to save the operation of all that space that you relinquish. * * * (R. 1243.)

(D) THE RAILROADS' CLAIM THAT A REQUIREMENT FOR SPACE FOR A LIMITED PART OF THE WEEK RAISES A RESPONSIBILITY FOR THE REST OF WEEK, ALTHOUGH NO ADDITIONAL SPACE IS NECESSARILY RUN.

Mr. BRADLEY testified on cross-examination as follows:

Question (by Mr. STEWART). Therefore you conclude, Mr. Bradley, that because it is difficult for the railroad company to find some accommodating patron who will take that 3-foot or 7-foot unit on the days that the Post Office Department does not want it, that you will charge that 3 feet or 7 feet to the Post Office Department, whether they use it or not. Now, that is your theory, is it not?

Answer. I would not state it that way.

Question. Well, is not that the effect of it?

Answer. No; I think not.

Question. Well, what is the effect? You charge it to the Post Office Department?

Answer. Why, in this particular we are in a special situation. We are trying to estimate or ascertain in a composite passenger train how much space should be charged to each service. Now, we turn to one of those services, the mail service, and we find that they have an authorization on Monday and Tuesday only, and that practically takes space in a train that runs, let us say, daily, including Sunday, takes it two days in the week. Now, there is certainly an obligation, this test period having run over a month, that where a service participates and authorizes space for a limited part of the week, there would be a responsibility for the remainder of the week. That authorization to-morrow might change to Monday, Tuesday, and Wednesday. It might change to daily except Sunday. It might change to any other one of the varieties that we speak of here.

Question. Did that requirement require you to run any more space in your train than you would have run otherwise?

Answer. I think not.

Question. It did not?

Answer. I think not. (R. 2249, 2250.)

(E) THE SUM OF THESE EXCESSIVE CHARGES BY THE RAILROADS TO THE MAILS AMOUNTS TO 31.2 PER CENT OF THE AUTHORIZED SPACE.

Mr. WETTLING testified on cross-examination as follows:

Answer. * * * so that these very large percentages on their face mean but a very, very small amount of the amount of space.

Question (by Mr. STEWART). However, Mr. Wettling, after you had transferred to this column 16, I think it is——

Answer (interrupting). Unoccupied space in the mixed cars.

Question. And included a pro rata part of unauthorized space based upon the authorized space, these additions, you got a per cent of about 32, did you not, of the authorized?

Answer. You mean as to the whole traffic?

Question. Yes.

Answer. I got 31.2, yes, sir.

Question. 31.2. So that it is not an inconsequential element after all.

Answer. No, I didn't claim that, Mr. Stewart. I mean that these apparently large percentages on the small units, they look very large, but they really amount to very little.

Question. Well, they mean 31 per cent, all together, after you have handled them as you have on your Exhibit 6.

Answer. Yes; they are part of the 31 per cent, of course, as to the total traffic. (R. 1276, 1277.)

(F) MR. WETTLING'S TESTIMONY AS TO OPERATION IS QUALIFIED BY THE FACT THAT IT IS BASED LARGELY UPON HEARSAY.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Your special work has been largely statistical, I assume?

Answer. Yes, sir.

Question. Have you paid any attention to the practical operation of the train service during that period?

Answer. No, sir; not as the interpretation would be as an operating man, I have not.

Question. Have you paid any attention to the practical operation of the Railway Mail Service during that period?

Answer. Only as I made inquiry from time to time from the operating men generally, and as was disclosed in a general way from the statistics returned for the test period of April, 1917.

Question. Then, so far as any testimony of yours is concerned in which you have expressed any views or opinions in regard to the practical operation of trains or with reference to the practical operation of the Railway Mail Service during this period, it is based upon what has been told you by others?

Answer. Largely; yes, sir.

Question. So that when in your answers you have used the term "as a practical man," referring in that way to

these subjects that I am discussing, it is, of course, qualified by the answers you have made as to your practical knowledge?

Answer. Necessarily so; yes, sir. I have only knowledge, as I said, from observation and the analysis of the statistics as returned for the test period, and from inquiries made from time to time from operating men, and, necessarily, of course, in a general way, because of my association with the administration and, particularly, to the division of traffic, general analysis of traffic conditions.

Question. But during that period you never went into a railway post-office car?

Answer. Never went inside of one; no, sir; never in my life.

Question. Nor you never went into a baggage car in which these 3-foot and 7-foot units are authorized?

Answer. I have only looked into them. I have never gone inside of them, not in the past two years.

Question. And you never gave any personal consideration to the practicality of carrying the mails in, say 3 and 7 and 15 foot units in a car?

Answer. Well, not in just that sense, Mr. Stewart. I have in the past had general observation and have in fact ridden on baggage cars on a few occasions and noticed, in a general way, the manner in which the traffic was handled.

Question. So that when you said as a practical man that it was not practical to authorize these units in a baggage car and carry the mails in them, I infer you simply meant that as you had observed traffic carried in these cars, as a matter of fact it was not piled up in units. Is that what you meant?

Answer. Why, I think you misunderstood me just a little in that. I did not say that I was giving the opinion as a practical railroad operating man. I didn't mean it in that way. (R. 1184-1186.)

(G) QUALIFICATION OF MR. WETTLING'S TESTIMONY REGARDING THE ALLEGED NECESSITY FOR OPERATING "EXCESS OVER AUTHORIZED" AND "UNAUTHORIZED" SPACE BECAUSE OF MAIL AUTHORIZATIONS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). On this exhibit (R. R. No. 6.) in column 4 and opposite the mail service you have items entered "authorized," "excess over authorized," "unauthorized," and so forth—

Answer. Yes, sir.

Question.—opposite the various classes of mail in the mail service units. I understood you to say that this service, which is designated “excess over authorized” and “unauthorized,” was absolutely necessarily operated by the railroad companies because of the authorizations of mail space. Did you intend to make that statement?

Answer. Yes, qualified by, as I think I did, the expression “under the conditions under which the operations obtained in April, 1917.” * * *

Question. Now, Mr. Wettling, we will come to this question of the whole cars and the apartment cars later. If your theory be correct as a whole—and I understood you to so state it—then how can you reconcile it with the fact that all mail, closed-pouch units, are authorized in baggage cars which are run by the railroad companies regardless of whether there be any closed-pouch units authorized in them or not?

Answer. Well, that is largely so, and in some respects it is not so. * * *

Question. Let us take this kind of an example, Mr. Wettling—a closed-pouch unit of 3 feet would be authorized from A to B, we will say, for a distance of 5 miles, in the usual baggage car, carrying passengers, baggage, and express, and the car continues on to N, say, a distance of 195 miles farther; do you intend to say that the operation of the 3 feet in the additional distance of 195 miles was absolutely necessary because a 3-foot length was authorized over 5 miles of the run?

Answer. Not necessarily. * * *

Question. But your proposition is that that space would not be operated at all in your train if there had not been an authorization of the mail unit in that car?

Answer. They could not very well avoid operating the space, but if regularly they were not required to look after the mail and reserve certain space for it, why, they might possibly have removed that partition in that car 3 feet farther forward and devote 3 feet more space to the passenger end of it if they did not need it.

Question. You know, do you not, that there is no 3 feet partitioned in the car at all; it is not partitioned off?

Answer. It is not partitioned off, no. I thought we were still talking about this half car with a passenger in the rear end of it. You mean a 60-foot baggage car straight?

Question. No; I am talking about a 3-foot closed-pouch unit.

Answer. In any car?

Question. In any kind of car?

Answer. No, sir; they would have run that 60-foot just the same.

Question. And yet you have charged all of those excesses to the mails, have you not?

Answer. I have; yes, sir.

Question. Now, in the above sort of case, and where no authorization of closed-pouch space is made in the return direction, you have charged that to the mail, too, have you not?

Answer. I have; yes, sir.

Question. But you are prepared now to qualify your statement, which was made rather broadly on your direct examination, that that operation was made necessary by reason of the authorization of the mail. Is that correct?

Answer. As to that particular unit, why, yes, we would probably run a 60-foot car anyhow, although we might be running a 55-foot car or a 50-foot car.

* * * * *

Answer. Let us take your example, and we have furnished a 60-foot car on Sunday or the one day, and on the other six days we have no need for the 3 feet of mail space, the smallest unit that is authorized. If we had no unit authorized on any one day, we might be using a shorter car; but we will certainly not run a 60-foot car on one day and a 57-foot car on six days, because that would certainly be penny-wise operation, and I don't think any railroad manager would let a 60-foot car lie idle in his car yard days in order to save carrying the extra 3 feet of space for that six days.

Question. Of course, they would not.

Answer. No.

Question. Therefore that disposes, does it not, of your contention that the 3-foot unit would necessarily be carried on the six days because it was authorized on the seventh day, and you assume the railroad company would operate the 60-foot car anyhow?

Answer. It would, but I don't think that disposes of my theory. If you think so, why, it is all right.

* * * * *

Answer. I would think that when we talk about 3-foot and 7-foot closed-pouch service it is so very small that what you say might possibly be the case. We might be running the car anyway. But, certainly, provision is made for carrying of the mail, and we must always be ready, even at the initial point of the journey, if the authorization is for less than at some other point of the journey; we must arrange our loading of the car in such a way that we are prepared

to meet the extreme authorization on that run. I, as I said before, figure that is a question of readiness to serve. We must always be ready to serve the maximum space.

Question. Now, I understand you to have qualified your general answers thus far in admitting that you were not strictly correct, that the companies were obliged to operate that space in behalf of the mails, but you still think that the companies should hold themselves in readiness with that space to accommodate the mails that are offered. That is your position now?

Answer. Yes. Permit me, first, to say if I said anything that qualifies what I had said before, I did not mean to, but I do think that the company must at all times be prepared to furnish whatever space the Post Office Department demands of them, regularly. I don't mean, now, as to emergency space, necessarily, although they must do the best they can to furnish that also.

Question. I think, so far as your qualifications are concerned, we can let the record stand. It will evidence whatever they may be.

Answer. Certainly. (R. 1190, 1191, 1192, 1193, 1194, 1195, 1197, 1198, 1199, 1200.)

Question (by Mr. STEWART). Now, confining yourself to these units still, and with reference to your answer, do you know of a single case in the service where the company is compelled to operate more equipment than it would otherwise operate to take care of one of these units?

Answer. One of these 3 or 7 foot units?

Question. Yes.

* * * * *

Answer. No, sir, I do not.

Question. And did you ever hear of a case?

Answer. I don't remember hearing of a single case, no, where for the running of a 3-foot or 7-foot unit we had to put on another car. I should be surprised to learn that there was such a case. (R. 1203, 1204.)

As to the 3-foot, 7-foot, and 15-foot storage units, he testified as follows:

Question. Now, let us take up the 3-foot, 7-foot, and 15-foot storage units in baggage cars. Do you know how those are authorized? Or, rather, I will put the question, Is it not true that they are authorized in the same manner as the closed-pouch unit—the regular service?

Answer. Very much the same way, yes.

Question. Now, is it not true that practically all you have said in regard to closed-pouch units applies to these 3-foot,

7-foot, and 15-foot storage units? It is practically the same situation, is it not?

Answer. The situation is pretty much the same, excepting, however, that there might be some modification in my answers if applied to 15-foot units. That being a so much larger part of a car, there could be occasions when it would demand extra equipment, whereas a 3-foot or 7-foot authorization might not.

Question. But you don't know of any such case?

Answer. No, I don't; no definite case that I could cite you.

Question. And I presume that you are willing to say that the operation—speaking now of the railroad operation—of the train has been substantially the same under the space-basis system as it was under the weight-basis system in regard to the cars in which these units are authorized?

Answer. As to the units themselves?

Question. Yes.

Answer. I should say that there has been no perceptible change as to the units under 30 feet. (R. 1213, 1214.)

Question. Just a moment, referring back to these 3-foot, 7-foot, and 15-foot units in baggage cars, I will ask you if it is not true that you charge to the mails all of that excess and unauthorized space reported in connection with those units, just as you did in regard to the closed-pouch units?

Answer. Yes, sir. (R. 1215.)

Also as to the 30-foot storage units:

Question. Now, let us take up the storage units of 30 feet in baggage cars. Do you know of any difference in the manner of operation, authorization of operation, in regard to these units than you have detailed in regard to the lesser units?

Answer. Not as to the general administration of the space; no. (R. 1214, 1215.)

THE RAILROADS REPORTED AND CHARGED TO THE MAILS EVERY POSSIBLE EXCESS AND UNAUTHORIZED SPACE MOVEMENT IN BOTH DIRECTIONS, BUT REPORTED ONLY THE ACTUAL SPACE USED FOR EXPRESS, BAGGAGE, AND MISCELLANEOUS IN EACH DIRECTION SEPARATELY IN MIXED CARS.

THE RAILROADS REPORTED ONLY THE ACTUAL SPACE USED IN THE EXPRESS SERVICE IN MIXED CARS, WHILE WITH REFERENCE TO THE MAILS THEY REPORTED AND CHARGED TO THE MAILS EVERY POSSIBLE EXCESS SPACE OPERATION.

Mr. McBRIDE testified on re-direct examination as follows:

Question (by Mr. STEWART). In making the reports upon these classes of unauthorized and unused space, what did the railroad companies report with respect to express service?

Answer. They reported, as I understand it, and the instructions so specified, the actual used space in the express service in mixed cars.

Question. So that in comparison with these various classes of service, unauthorized and unused, as tabulated in these exhibits with respect to the mails, there were no such reports made by the railroad companies with respect to the express service?

Answer. Not as to mixed cars. I believ , in some cases, there were some deadhead movements of full express cars reported by the companies, but no unused or unauthorized space in mixed cars.

Question. So that while the railroad companies reported as against the mails, every possible excess space in cars and every possible excess in unauthorized operation of space in cars, and days upon which no authorizations were made, as against the mails, they did not report any such movement as against the express?

Answer. Not that I am aware of. (R. 467, 468.)

RAILROADS CLAIMED IT IMPRACTICABLE TO REPORT SPACE IN EXPRESS SERVICE CORRESPONDING TO THE EXCESS, UNAUTHORIZED, AND UNUSED SPACE REPORTED IN CONNECTION WITH THE MAIL.

Mr. McBRIDE testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, I want to call your attention to those conferences to which counsel for the railroads has referred, and I ask you what your recollection is * * * as to the manner in which they desired the express data reported?

Answer. They wished the express space reported to represent only the space actually used.

Question. Did the railroads agree to that?

Answer. That was the railroad proposition.

Question. How about the reports with reference to the express matter that corresponds with this unused and unauthorized operation?

Answer. No provision was made for that kind of a report. They claimed it could not be gotten.

Question. Did not the representatives of the Post Office Department ask that it be gotten?

Answer. They did.

Question. And the railroad companies said it could not be gotten?

Answer. That is my recollection.

Question. Did they omit all such reports from their reports to the department?

Answer. In so far as mixed cars are concerned. (R. 534, 535.)

SIMILAR UNUSED SPACE OCCURS IN CONNECTION WITH EXPRESS SERVICE AS OCCURS IN CONNECTION WITH MAIL SERVICE, AND SHOULD HAVE BEEN REPORTED IN THE SAME MANNER TO MAKE THE STATISTICS FOR THE TWO SERVICES COMPARABLE.

Mr. McBRIDE testified on re-cross examination as follows:

Question (by Mr. WOOD). So, if there is any express space which is analogous to this difference in the minimum and maximum authorizations of the mail, the express space is the used space?

Answer. I can not admit that. Unquestionably, you have the same character of space in connection with the express service.

Question. But we have nothing like the difference between the maximum and minimum authorization; we have the used space that we reported for the express, and you refused to have it reported for the mail.

Answer. Yes; but you have return movement in the express space. If you run a car with 20 feet of express in one train, and only use 5 feet in the return train, you report the 20 in one direction and 5 in the other. Now, if it was proper to charge, under those conditions, in the mail service, 15 feet back as unauthorized space, why is it not proper to charge the same amount of space in the express service on the return trip?

Question. That is, we charged the used space in respect to express, and the only reason we did not report the used

space in respect to the mail in both directions was because you would not let us.

Answer. You reported the authorized space.

Question. I say, the only reason we did not do it for both alike is because you would not let us.

Answer. Well, it gets back to the same old statement, that we consider the authorized space as the used space. (R. 539, 540.)

MOVEMENT OF FULL EXPRESS CARS NOT THE SAME IN BOTH DIRECTIONS.

Mr. McBRIDE testified on direct examination as follows:

I wish next to take up the question of the return movements of baggage, miscellaneous, and express service in mixed cars, and its bearing upon this question of distribution of unoccupied space.

Some of the witnesses testifying for the railroads stated that that movement in the express service on their roads was about the same in each direction; that is, that it very nearly balanced. I have made some examination of the reports submitted by the companies, and desire to invite attention to some of the results secured.

Question (by Mr. STEWART). Now, that statement was with reference to the service not carried in full cars?

Answer. That is true. At the same time I thought I would like to make a sort of comparison between operations of full cars as well, full express cars, to see if the movement in both directions was anywhere near balanced. * * * On the Pennsylvania Lines west of Pittsburgh, on the Pittsburgh & St. Louis route, the westbound full car movement in express as shown on the reports submitted was 11,630,000 for the period, while in return it was 15,924,000, a difference of 4,293,000 car-foot miles.

On the route between Pittsburgh and Chicago the westbound express was 23,500,000 and the eastbound 21,062,000.

On the Pittsburgh and Cincinnati route the movement more nearly equalized, the westbound movement utilizing 4,000,000 car-foot miles and the eastbound movement 3,900,000 car-foot miles, or a difference of only 119,000 car-foot miles.

On these routes the full mail car and storage car movements practically balanced each other.

Question. Now, there is a total difference in the routes, so far as the express was concerned, of how much?

Answer. Nearly 7,000,000 car-foot miles for the period.

Question. That is as reported by the companies?

Answer. As reported by the companies. I don't know how they get their cars back to bring out the movement. I assume they use them in some other service, perhaps. I am giving you the figures as reported by the companies. (R. 3877, 3878.)

DIFFERENCE BETWEEN DEPARTMENT AND RAILROADS IS NOT WITH REFERENCE TO THE USED SPACE BUT TO THE EXCESS CLAIMS OF UNAUTHORIZED AND UNUSED MOVEMENTS.

Mr. McBRIDE testified on re-direct examination as follows:

Question (by Mr. STEWART). Mr. McBride, they did report the used space for the mails, did they not, as measured by the authorization?

Answer. Absolutely.

Question. And the difference between the department and the railroads is not with reference to the used space, but with reference to this excess claim of unauthorized movement and excessive space?

Answer. That is right.

Question. So that the questions which have been asked you in regard to that matter do not relate at all to the matter in controversy, which is the excessive claim made for * * * unauthorized space?

Answer. I do not see that they have.

Question. The used space having been reported as the railroads claimed in the case of the express, and reported on the basis of authorization for mails, which the department contends is used space?

Answer. That is right. (R. 540, 541.)

PEAK LOAD IN THE EXPRESS SERVICE REPORTED INDEPENDENTLY IN EACH DIRECTION.

Mr. SEARLE testified on cross-examination as follows:

Question (by Mr. STEWART). You referred to the manner in which you say the company—your company—reported the operations on the baggage and the express. You said they reported the peak load. What did they do with respect to express on the return movement?

Answer. Peak load. They reported the peak load.

Question. Did they report the peak load in both directions?

Answer. Yes, sir; in both directions.

Question. On the return they reported the peak load on the outward movement?

Answer. In both directions.

Question. If there was a load in the car on the outward trip they reported a peak load, and with respect to the load on the inward trip they reported a peak load there?

Answer. Yes, sir; that is right.

Question. They did not report the peak load which was the highest in either direction, both outward and inward?

Answer. They reported the peak load in each direction.

Question. Independently?

Answer. Independently. (R. 2149, 2150.)

MAXIMUM SPACE CHARGED TO THE MAILS IN BOTH DIRECTIONS.

Mr. FAIRFIELD testified on cross-examination as follows:

Question (by Mr. STEWART). Now, Mr. Fairfield, referring further to these mixed cars; wherever a mail authorization was made of space in them you charged the maximum at any point clear to the end of the entire run?

Answer. Yes, sir.

Question. Without regard to any changes whatever in the authorization by the department?

Answer. Yes, sir.

Question. For instance, if an authorization was for a 7-foot storage unit in a baggage car, and at some point on the run of that car it is reduced to a 3-foot unit, and that then discontinued at another point, you charge the 7 feet clear through to the end of the run?

Attorney Examiner BROWN. And back?

Question. (by Mr. STEWART). And back?

Answer. And back.

Question. Now, that return movement I think you gave—or I don't know whether you gave it or not, but it represents, under "R" on our exhibit, 1,728,000 car-foot miles, and that is return only of this movement which we are discussing.

Answer. Yes, sir. (R. 2340, 2341.)

* * * * *

Question. In all cases of authorizations, whether they be for authorizations in the mixed cars or whether they be apartments, full railway post offices, or storage cars, you charged in every instance the maximum in both ways?

Answer. Yes, sir.

Question. Take your sheets here, you charged the maximum in both ways?

Answer. Yes, sir. The reason I hesitated on that answer, there were some cases where I think we did not charge to the mail the return space because it was used for other classes of traffic.

Question. Yes, of course that would be excepted. (R. 2343, 2344.)

PEAK LOAD IN EACH DIRECTION SEPARATELY CHARGED TO THE EXPRESS.

Mr. FAIRFIELD testified on cross-examination as follows:

Question (by MR. STEWART). Now, in regard to the express, you said you charged the peak load; that is, the peak load in one direction was charged to the movement in that direction?

Answer. Each direction.

Question. We will take one direction at a time?

Answer. Yes, sir.

Question. Say the outward direction?

Answer. Yes, sir.

Question. The peak load was charged there, and on the return movement you charged the peak load on the return operation?

Answer. Yes, sir; both ways—each way.

Question. Each way. So that you did not charge the peak load of both movements as applied to both operations, but each movement separately?

Answer. Separately.

Question. But when you came to the mail you did charge the peak load which would be found in one direction in both directions?

Answer. Yes, sir; the authorized space.

Question. What did you do with regard to the express—the same thing as the baggage?

Answer. The peak load in each direction. (R. 2341, 2342.)

IF NO EXPRESS WAS CARRIED IN RETURN MOVEMENT NO CHARGE OF SPACE TO EXPRESS WAS MADE, ALTHOUGH WHERE NO MAILS WERE CARRIED IN RETURN MOVEMENT A CHARGE OF SPACE WAS MADE TO THE MAILS.

Mr. FAIRFIELD testified on cross-examination as follows:

Question (by MR. STEWART). Now, with regard to the return movement of express, where no express was carried in the car you did not charge anything to the express?

Answer. That would be so if we had any such case.

* * * (R. 2342.)

Question. But if there were cases where no express was carried you did not charge anything to the express?

Answer. No, sir.

Question. But you did to the mails?

Answer. Yes, sir. (R. 2343.)

MISCELLANEOUS AND BAGGAGE TREATED IN SAME MANNER AS EXPRESS.

Mr. FAIRFIELD testified on cross-examination as follows:

Question (by Mr. STEWART). And you treated the miscellaneous in the same way that you did the baggage and express?

Answer. The same way; yes. (R. 2343.)

EXPRESS, BAGGAGE, AND MISCELLANEOUS SPACE NOT TREATED IN SAME MANNER AS THE MAILS.

Mr. McCAN testified on cross-examination as follows:

Question (by Mr. STEWART). But would you report that in regard to mails in all cases?

Answer. Yes, sir; we try to comply as literally as possible with the instructions.

Question. Those were the instructions of the department?

Answer. I was thinking about the forms. It was understood that we would report returned space of that character.

Question. It was understood by the railroads that you would report that space in any manner you saw fit?

Answer. But wasn't it also understood by the department that we would report it that way?

Question. Oh, the department did not attempt to dictate to the railroads how they would report this space, provided they gave the information upon the forms as called for.

Answer. That is what I was talking about.

Question. There was no agreement by the department for you to report the return on the form in regard to the peak load?

Answer. I consider it was, in a way, an agreement, from the fact that the instructions that the railroads put out were first submitted to you.

Question. With the understanding, of course, that such reports as you might make would be subject to handling before the commission as each party might see fit?

Answer. But that is a different proposition. I am speaking about the railroads reporting this stuff. The complaint, I understand from you now, is that the railroads reported this returned space. That is the way I understood your question.

Question. Yes.

Answer. And I don't see any objection to the railroads reporting that, because if they had not reported it they would have violated the instructions.

Question. They would not have violated the instructions, but they might have violated the wishes of the rail-

way companies. Is it not true, so far as the instructions are concerned, that the department agreed to have that space reported in that way, in order that the facts might be shown to the commission?

Answer. Well, I don't see any complaint against the railroads for reporting it that way.

Question. Let me point out the matter of complaint, then. If that is true, why did you not go to the same trouble that you went to in reporting the express?

Answer. You are speaking about the Baltimore & Ohio, I suppose?

Question. Yes; the things you are familiar with.

Answer. So far as the Baltimore & Ohio is concerned, on express, if such a rule had applied, we could not have used it.

Question. Why not?

Answer. Because our traffic was so well balanced between the East and West, there would not have been any room for it. I will explain to you in a minute what I mean. The total car-foot miles made by express in mixed cars, which included the westbound and eastbound movement, was 30,419,706. Of that amount, 50.54 per cent went westbound and 49.46 per cent went eastbound.

Question. Now, you are referring to the full cars?

Answer. No; I am referring to mixed cars. On our full cars, there was a difference of about 700,000 out of about 60,000,000. The full cars came back and were charged, and this space in the mixed cars used by express was charged back, the same as it went out, because it was used. We would not have found room to do it.

Question. But if it had been mail, you would find room to report it?

Answer. We would have found room; yes, sir.

Question. You reported the maximum?

Answer. We reported the maximum.

Question. You did not do that in the case of express?

Answer. No; I did not attempt to do it, because there was no understanding; there was not one word said about reporting this returned express space.

Question. You do not recall that the department asked you to report express in the same way that you would report the mails?

Answer. Absolutely not, because we could not report the mails in the same manner that we reported the express. I don't recall that we were to report the express return movement the same as we reported the mail.

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Question. But it is a fact that you did not treat express, baggage, and miscellaneous in the same manner you treated the mail in making these reports?

Answer. That is correct. We did not, but we would not have had room for it if we wanted to do it.

Question. Well, couldn't you have found room?

Answer. About one-half of 1 per cent.

Question. Even that approximate balance of your express relates only to your own road?

Answer. Of course, I am not talking for other roads—only for the Baltimore & Ohio.

Question. However, the same principle is involved, although there may be an approximate balance. (R. 2499-2503.)

**EXPRESS SPACE REPORTED BY BALTIMORE & OHIO
BASED ON AVERAGE REQUIREMENTS; NO RETURN
SPACE REPORTED.**

Mr. McCahan testified on cross-examination as follows:

Question. (by Mr. STEWART). In reporting the space for the express, did you report it in the same manner as has been described by the other witnesses for the railroads?

Answer. Well, our instructions provided that the express should be based on average requirements.

Question. Will you explain that? What is the effect of that?

Answer. Well, I do not know what the effect was, other than what we reported.

Question. And did you report express in reference to the return movement?

Answer. We did not report the return movement for express, and we could not have done it, if we wanted to do it. * * * (R. 2498.)

**THEORY OF THE RAILROADS IN CHARGING EXCESS AND
UNAUTHORIZED SPACE TO MAIL SERVICE.**

Mr. BRADLEY, in his direct testimony, in reply to an inquiry of Attorney Examiner Brown, testified as follows:

Question (by Attorney Examiner BROWN). When you speak there of authorization, suppose there were 7 feet authorized in a baggage car. I think that was explained by Mr. Wettling, but I want it explained again so that I shall have it fastened in my memory. What part do you charge up to the mail service?

Answer. Well, we charge under various forms. We charge as authorized precisely what they authorize. Then beyond that we charge the excess space that we believe

under the rules determined upon is properly chargeable to that mail space. Now, that would include the over-mileage where the car ran beyond the limit or the destination of the authorization.

Question. That was what I was getting at.

Answer. Yes, sir.

Question. That includes not only the space operated to take care of the 7 feet of authorized space, but the movement of that baggage car through from point of origin to ultimate destination?

Answer. Yes, sir. (R. 2192.)

PREPONDERANCE OF MOVEMENT OF EXPRESS, BAGGAGE, AND MISCELLANEOUS IN ONE DIRECTION TYPICAL OF ALL SECTIONS OF THE COUNTRY.

Mr. McBRIDE testified on direct examination as follows:

As regards the space devoted to baggage, miscellaneous, and express in mixed cars, the railroads reported only the actually used space in each direction. I have made examination of a large number of reports rendered by various companies in all sections of the country and have made a comparison between the car-foot miles shown for outward trains and those shown for inward trains. On a great many routes——

Question (by Mr. WOOD). Are you talking about mixed cars now?

Answer. Yes, sir. And I think the results are illuminating as showing the effect of the failure of the companies to allow an equalizing return movement in those services similar to that claimed in connection with the mail service as had in the division of unoccupied space in the mixed cars. I have selected at random routes from a great many companies, quite a large number of them, located in all parts of the country. I am going to read some of them, giving the figures covering the entries made by the railroads as space necessary in the three services outbound and inbound and the difference. I am going to read them from different parts of the country, to show that it is typical all over the country—such preponderance of movement in one direction. * * * (R. 3878, 3879.)

Mr. McBRIDE then read the following specific cases taken from the reports of the railroad companies illustrating the differences.

Answer. On the Yazoo & Mississippi Valley, between Clarksdale and Yazoo City, the baggage service in one direction was 49,800, and in the other direction 48,200, a discrepancy of 1,600 car-foot miles.

Question (by Mr. Wood). You would not call that a balanced movement?

A. Not in the way that the mail movement has been balanced.

Question. What?

Answer. Not in the way that the balance has been made in the mail movement.

Question. I just want to get your definition of what a balanced movement is.

Mr. STEWART. If you had charged it up the same way you did the mails, but you have not.

Mr. WOOD. If that is the Post Office Department's definition of an unbalanced movement, I should be glad to get it.

Mr. STEWART. We are just talking about the railroads' way of getting at it.

Answer (continuing). The express, southbound, 86,900; northbound, 81,600.

Question (by Mr. Wood). And you call that unbalanced?

Answer. A difference of 5,400. That is a small route. We will take a large route, Memphis to New Orleans. The northbound movement in the baggage service was 586,000, in round numbers; southbound, 621,000 car-foot miles, or a difference of 34,000.

Question. You call that unbalanced?

Answer. Yes, sir; miscellaneous service, northbound, 322,000 car-foot miles; southbound, 366,000 car-foot miles; a difference of 44,000 car-foot miles.

Express service, northbound, 898,000 car-foot miles; southbound, 638,000 car-foot miles; a difference of 260,000 car-foot miles.

On the Illinois Central Railroad, route 143507, Chicago to Sioux City, eastbound, baggage 761,000 car-foot miles; westbound, 942,000 car-foot miles; a difference of 181,000 car-foot miles.

Miscellaneous service on this route practically balances.

The express service, eastbound, 1,373,000 car-foot miles; westbound, 1,815,000 car-foot miles; a difference of 442,000 car-foot miles.

Chicago to Carbondale, northbound, baggage, 1,080,000; southbound, 957,000 car-foot miles; a difference of 123,000 car-foot miles.

Miscellaneous service, 204,000 car-foot miles northbound; 218,000 car-foot miles southbound; a difference of 13,000 car-foot miles.

Express, 1,103,000 car-foot miles northbound; 923,000 car-foot miles southbound; a difference of 179,000 car-foot miles.

That extends even to the small routes. Champaign to Havana, the same company, westbound, baggage, 34,000 car-foot miles; eastbound, 24,000 car-foot miles; 9,000 car-foot miles difference.

In the miscellaneous, westbound, 9,000 car-foot miles; eastbound, 15,000 car-foot miles; a difference of 6,000 car-foot miles.

Express, westbound, 37,000 car-foot miles; eastbound, 30,000 car-foot miles; a difference of 7,000 car-foot miles.

Atlantic Coast Line, route 123513, Jacksonville to Port Tampa * * * baggage service, 914,000 car-foot miles; return, 537,000 car-foot miles; a difference of 376,000 car-foot miles.

Miscellaneous, 184,000 westbound; eastbound, 154,000 car-foot miles; a difference of 30,000 car-foot miles.

In the express, the difference is 11,000 car-foot miles, there being 64,000 carried southbound and 53,000 northbound.

I am just going to read from the different sections of the country, to show that this is typical, a condition that exists on nearly every route in greater or less degree.

The Atchison, Topeka & Santa Fe, Kansas City to La Junta, westbound, baggage service, 3,964,000 car-foot miles; eastbound, 5,708,000 car-foot miles; a difference of 1,743,000 car-foot miles.

Express service, westbound, 4,600,000 car-foot miles; eastbound, 5,500,000 car-foot miles; a difference of 880,000 and odd car-foot miles.

Route 176537, Ash Fork to Los Angeles, 2,238,000 car-foot miles westbound; 2,543,000 car-foot miles eastbound—

Question (by Mr. STEWART). That is baggage?

Answer. Baggage. A difference of 305,000 car-foot miles.

Express, westbound, 2,061,000 car-foot miles; eastbound, 1,383,000 car-foot miles; a difference of 678,000 car-foot miles.

Ash Fork and Albuquerque, route 160504, baggage, westbound, 1,412,000 car-foot miles; eastbound, 2,136,000 car-foot miles; a difference of 724,000 car-foot miles.

Express service, westbound, 1,151,000 car-foot miles; eastbound, 944,000 car-foot miles, a difference of 270,000 car-foot miles.

*Bear in mind that in every one of these cases there is a large amount of space in the unoccupied column, column 25, in which the mails have participated on a basis which includes all of the unauthorized and unused space claims of the railroads, and which is overloaded by reason of the fact that no such operations in connection with the other three services were made.** Not only was the unoccupied space increased by reason of the equalizing claims not being made in those services, but the per cent thereby in those three services was decreased and the per cent of the mail increased by adding to the mail all of this unauthorized and unused space.

Question (by Mr. STEWART). For the purpose of balancing the mails?

Answer. Yes.

Baltimore & Ohio, route 113512, Washington and Grafton:

Miscellaneous service, westbound, 242,000 car-foot miles; eastbound, 152,000 car-foot miles; a difference of 90,000 car-foot miles.

Baggage, westbound, 638,000 car-foot miles; eastbound, 603,000 car-foot miles; a difference of 35,000 car-foot miles.

Express, 1,326,000 car-foot miles westbound and 936,000 car-foot miles eastbound, or a difference of 389,000 car-foot miles.

That is located in the eastern section. Similar figures shown on other routes of that company.

The Boston & Albany, route 104513, baggage service, eastbound, 1,542,000 car-foot miles; westbound, 1,342,000 car-foot miles; a difference of 200,000 car-foot miles.

Miscellaneous, eastbound, 429,000 car-foot miles; westbound, 603,000 car-foot miles; a difference of 174,000 car-foot miles.

Express, 838,000 car-foot miles eastbound, 462,000 car-foot miles westbound, or a difference of 375,000 car-foot miles.

The unoccupied space in this route, by the way, was 1,834,000 car-foot miles eastbound and 2,060,000 car-foot miles westbound.

On the Rock Island, Oklahoma City & Mangum, baggage, westbound, 194,000 car-foot miles; eastbound, 186,000 car-foot miles; 8,000 car-foot miles difference.

Express service, westbound, 377,000 car-foot miles; eastbound, 311,000 car-foot miles; a difference of 66,000 car-foot miles.

* Italics are the Department's.

The Big Four, route 133531, Kankakee Junction to Cincinnati, baggage, eastbound, 705,000 car-foot miles; westbound, 947,000 car-foot miles; a difference of 242,000 (R. 162,000 *sic.*) car-foot miles.

Miscellaneous service, eastbound, 365,000 car-foot miles; westbound, 378,000 car-foot miles; a difference of 13,000 car-foot miles.

Express, eastbound, 906,000 car-foot miles; westbound, 788,000 car-foot miles; a difference of 118,000 car-foot miles.

Other routes of that company show similar results.

The Chicago & Northwestern, Des Moines to Sioux City, route 143549, baggage service, even trains, 336,000 car-foot miles; odd trains, 101,000 car-foot miles; difference, 235,000 car-foot miles.

Miscellaneous, even trains, nothing; odd trains, 42,000 car-foot miles; difference, 42,000 car-foot miles.

Express service, even trains, 90,000 car-foot miles; odd trains, 232,000 car-foot miles; difference, 142,000 car-foot miles.

Chicago & Omaha, a large route, eastbound trains charged in the baggage service with 6,329,000 car-foot miles; westbound, 3,357,000 car-foot miles; a difference of 2,971,000 car-foot miles.

In the miscellaneous service, 68,000 car-foot miles charged eastbound and 96,000 westbound; a difference of 28,000 car-foot miles.

In the express, eastbound, 1,068,000 car-foot miles; westbound, 1,566,000 car-foot miles; a difference of 497,000 car-foot miles.

On the Norfolk & Western, route 157526, baggage service, even trains, 294,000 car-foot miles; odd trains, 308,000 car-foot miles; a difference of 14,000 car-foot miles.

Miscellaneous, even trains, nothing; odd trains, 104,400 car-foot miles.

Express service, even trains, 601,000 car-foot miles; odd trains, 461,000 car-foot miles; a difference of 140,000 car-foot miles.

The Delaware & Hudson, route 107555, between Albany and Binghamton. In this case baggage service is approximately balanced, but there is a difference of 23,000 between the outward and the inward movement in the miscellaneous service and of 375,500 car-foot miles in the express service.

The Denver & Rio Grande, route 169507, Grand Junction to Ogden.

Westbound, baggage, 311,000 car-foot miles; eastbound, 490,000 car-foot miles; a difference of 179,000 car-foot miles.

Express service, westbound, 675,000 car-foot miles; eastbound, 221,000 car-foot miles; a difference of 453,000 car-foot miles.

Montrose to Grand Junction, route 165509, baggage, westbound, 19,000 car-foot miles; eastbound, 57,000 car-foot miles; a difference of 38,000 car-foot miles.

Express, westbound, 33,000 car-foot miles; 42,000 car-foot miles eastbound; a difference of 9,000 car-foot miles.

The Great Northern Railroad, Williston to East Scobey, route 163506, odd trains, in the baggage, 61,000 car-foot miles; even trains, 37,000 car-foot miles; a difference of 24,000 car-foot miles.

Express service, odd trains, 71,000 car-foot miles; even trains, 37,000 car-foot miles; a difference of 34,000 car-foot miles.

I have not made the computations on all of these cases, but practically every route shows the same situation on the Great Northern to a greater or less degree.

The Lehigh Valley, Penn Haven Junction & Mount Carmel, route 110584, baggage, outward trains, 20,000 car-foot miles; inward trains, 107,000 car-foot miles; a difference of 87,000 car-foot miles.

Miscellaneous service, 13,000 car-foot miles outward; 16,000 car-foot miles inward; a difference of 3,000 car-foot miles.

Express service, 103,000 car-foot miles outward; 62,000 car-foot miles inward; a difference of 41,000 car-foot miles.

On a heavy route on the Lehigh Valley, Jersey City & Buffalo, 107591, we find 1,923,000 car-foot miles charged to the baggage in even trains and 2,487,000 car-foot miles in odd trains, a difference of 563,000 car-foot miles.

Miscellaneous service, 285,000 car-foot miles in even trains and 497,000 car-foot miles in odd trains, a difference of 211,000 car-foot miles.

In the express the difference is not quite so marked. The even trains are charged with 877,000 car-foot miles and the odd trains with 909,000 car-foot miles, a difference of 32,000 car-foot miles.

I also read from route 110586, White Haven to Bear Creek, a small route. On this route there are 330 car-foot miles charged to the baggage service, and 306 to express service on odd trains, and nothing in the return.

Missouri Pacific, Kansas City-Coffeyville, westbound, baggage, 289,000 car-foot miles; eastbound, 229,000 car-foot miles; a difference of 60,000 car-foot miles.

In the miscellaneous, 41,000 car-foot miles westbound, 47,000 car-foot miles eastbound, a difference of 6,000 car-foot miles.

In the express, 662,000 car-foot miles westbound, 519,000 car-foot miles eastbound; a difference of 142,000 car-foot miles.

On a small route, Jefferson City to Bagnell, baggage, westbound, 4,365; eastbound, 2,700; a difference of 1,665.

Express service, westbound, 6,000 car-foot miles; eastbound, 1,000 car-foot miles; a difference of 5,000 car-foot miles.

Atchison & Stockton, route 155562, baggage service, westbound, 291,000 car-foot miles; eastbound, 249,000 car-foot miles; difference 42,000 car-foot miles.

Miscellaneous service, westbound, 202,000 car-foot miles; with but 44,000 charged in the return direction, a difference of 158,000 car-foot miles.

Express service, westbound, 490,000 car-foot miles; eastbound, 597,000 car-foot miles; a difference of 107,000 car-foot miles.

* * * * *

Attorney Examiner BROWN. It seems to me that that is representative. I don't know why you should go any further into that.

Mr. STEWART. I would be glad to file an abstract of the rest of those cases if you desire. There are more representative cases in that file.

Attorney Examiner BROWN. I assume that those are illustrative of the situation.

The WITNESS. They are taken from the actual reports.

I think I have stated enough cases to prove that the preponderance of movement in one direction is typical in all sections of the country. The condition is a natural result of the flow of traffic from the business centers and is true in the same general way with the mails. (R. 3879-3889.)

**RECAPITULATION OF ALL UNBALANCED MOVEMENTS
IN PASSENGER AND EXPRESS SERVICES OF NO
VALUE; EACH ROUTE MUST BE CONSIDERED BY
ITSELF.**

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now this unoccupied space—the question of the balanced movement of express and baggage as related to the movement of mail. You read a lot of figures on a lot of different routes. Did you make any recapitulation of all of those cases for the purpose of determining whether when you added them up all together it would show a balanced or an unbalanced movement?

Answer. I have not.

Question. You dealt with certain individual routes. Did you make a recapitulation on the situation on any individual railroad as a whole?

Answer. I think I did make a recapitulation of the Illinois Central. I think I referred to that in my testimony.

Question. Let us have it.

Answer. I did make such a recapitulation for the express only on the Illinois Central.

Question. For all routes?

Answer. Yes, sir, for all routes. It shows the difference—

Question (interrupting). No; I would like the totals, please.

Answer. Well, I only totaled the differences, Mr. Wood.

Question. Well, that does not show me anything.

Answer. The differences total as I stated.

Question. No; I don't want that, because that does not establish anything to my mind at all. You have not totaled the movement in each direction for any individual railroad or for all of those cases that you gave, put together, or for the country as a whole?

Answer. No, sir; that has not been done, but it could be done.

Question. And you don't know whether if you totaled those cases it would show that the sum and substance of all this resulted in a balanced movement as a whole or an unbalanced movement as a whole?

Answer. I don't think that is germane to the point I am making.

Question. Possibly not to your mind. It must have some relation to it, I imagine.

Answer. You have got to take the direct route that we are considering and not the service as a whole.

Question. We are considering this in the light of its effect on the distribution of space as a whole, are we not, in the country as a whole?

Answer. We are, and if these different balances were made on each individual road it would have a very different effect than as though you added up all the totals in each direction for the country as a whole, because on some roads the preponderance might be in another direction from another road. It seems to me my point is entirely based upon the individual situations and upon the hypothesis which involves the same action with express, baggage, and miscellaneous that was taken with the mail space.

Question. You have not made any effort on any individual railroad or in those cases as a whole to determine what the final result is?

Answer. I have not, because I only brought this up to show the effect of failure to make such a balanced movement as on individual routes.

Question. Well, you brought it up for the purpose of picking out certain cases, certain routes on which there was an unbalanced movement, but you made absolutely no effort to find out whether as a whole the movement was balanced or unbalanced?

Answer. I didn't think it was germane.

Question (by Mr. STEWART). It did not have the slightest relevancy to the subject?

Answer. No; it had no relevancy. (R. 3927-3930.)

FAILURE TO EQUALIZE SPACE IN PASSENGER AND EXPRESS SERVICES ACCOUNTS LARGELY FOR THE DIFFERENCE IN PERCENTAGE CHARGE TO MAILS BY RAILROADS AND POST OFFICE DEPARTMENT.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). What is your figure there as compared with that of the railroads?

Answer. The participation in all the services?

Question. Yes, if you remember.

Answer. Our ratio was 6.97 instead of 9.138.

Question. Between that 6.97 and the 9 is contained all these things with which you have been dealing, I take it?

Answer. We claim that this sort of space of which I have been talking accounts for that difference largely. (R. 3892.)

RAILROAD PLAN OF HANDLING UNOCCUPIED SPACE OVERLOADED IT BY INCLUDING SPACE THAT SHOULD RIGHTLY HAVE BEEN CHARGED TO BAGGAGE, MISCELLANEOUS, AND EXPRESS SERVICES, GREATLY INCREASING THE CHARGES TO MAIL SERVICE.

Mr. McBRIDE testified on direct examination as follows:

This being the case, the theory of the railroads' plan of handling the unused space and computing the participation of the several services in the unoccupied space, first, overloads the unoccupied space by including therein a large amount of car-foot miles that rightly should be charged to the baggage, miscellaneous, and express services, to place them on a parity with the mail service. This results from failure to equalize the movement in these services in the return direction, as was done with the mail service.

Let us take route 143507 on the Illinois Central. The westbound baggage is reported to have utilized 942,445 car-foot miles, and eastbound 761,045 car-foot miles, a difference of 181,400 car-foot miles.

In the express, 1,815,020 car-foot miles in the westbound movement and 1,372,895 car-foot miles in the return, a difference of 442,125 car-foot miles.

The unoccupied space as reported in column 25 of Form 3 is 2,339,413 car-foot miles, and eastbound is 3,165,017 car-foot miles, a difference of 825,604 car-foot miles. Had the baggage and express movements been equalized or approximately equalized it would have reduced the amount of unoccupied space in this route over 600,000 car-foot miles, in all of which, under the railroads' plan, the mails participated on a basis first loaded up with all the equalizing space that was claimed in connection therewith and which was not claimed in connection with the other services. By reason of this inequality in the movements of baggage, miscellaneous, and express on the Illinois Central system, 2,810,000 car-foot miles were included in unoccupied space in column 25 of Form No. 3, the total of this column for the system being 31,749,000, in which the mails participated on an inflated basis, which, had the movements been equalized in baggage, miscellaneous, and express, as was done in the case of the mail, would have been charged direct to the proper service and which would have reduced accordingly the mail charge.

The result of the railroads' method is, of course, to greatly increase the car-foot miles charged to the mails; that part that particularly is represented in the apportioned part of the unoccupied space.

Question (by Attorney Examiner BROWN). Have you estimated in a general way how much that amounts to in total?

Answer. Why, I have not, Mr. Examiner. But it works two ways. It not only does that to the mail, but it decreases the car-foot miles taken from this unoccupied space that is charged to the baggage and miscellaneous and express. (R. 3889-3891.)

THE DEPARTMENT'S ASSIGNMENT OF UNAUTHORIZED AND UNUSED SPACE REPORTED BY THE RAILROADS IN CONNECTION WITH THE MAILS, AND ALL APPORTIONMENTS OF THE UNOCCUPIED SPACE IN MIXED CARS.

(See the full explanation of the treatment of these elements as described in Post Office Department Exhibit No. 65.)

DEPARTMENT'S ASSIGNMENT OF UNAUTHORIZED AND UNUSED SPACE REPORTED BY THE RAILROADS IN CONNECTION WITH THE MAILS.

In connection with full and apartment cars, Mr. McBRIDE testified, on cross-examination, as follows:

Question (by Mr. Wood). Now, very briefly, plan 1 does what?

Answer. It assigns all space other than that authorized, to the passenger service.

Question. That is to say, if the consist of a train is made up sufficient to take care of the passenger and express business, and a 30-foot apartment car is authorized for use in that train and the railroad company has a 30-foot apartment car which it puts into that train, so that it conforms to the authorization, the other end of that 60-foot car consisting of a baggage end, for which the railroad company has no use, and which it does not use, you assign the 30 feet actual authorized in the apartment car to the mail, but you assign the company 30 feet carried by the railroad company on account of the apartment car authorization not otherwise used to the passenger service?

Answer. That is true, under plan No. 1.

Question. That is what you would do under plan No. 1?

Answer. Yes, sir.

Question. Now, what do you do under plan No. 2?

Answer. Plan No. 2 is fully described under Exhibit No. 65.

Question. We will take that particular case that I described. What would you do under plan No. 2 in that particular case?

Answer. Under plan No. 2 in that particular case that excess space would be charged to the passenger service.

Question. Charged exclusively to passenger service under either plan No. 1—

Answer. That particular case.

Question (continuing). Or plan No. 2?

Answer. Yes. (R. 436-438.)

(A) ASSIGNMENT CORRECT BECAUSE THE MAIL SERVICE SHOULD NOT BE PENALIZED FOR UNECONOMICAL RAILROAD OPERATION, NOR SHOULD A RATE BE PREDICATED UPON IT.

Mr. McBRIDE testified on cross-examination, as follows:

Question (by Mr. WOOD). Do you think that is right?

Answer. I do, for this reason, that the mail service should not be penalized for uneconomical operation of equipment.

Question. Wherein is there an uneconomical operation of equipment—where, with a train whose consist is such that it takes care of the remaining classes of traffic and the 30-foot apartment car requires the hauling of a 60-foot car?

Answer. This ascertainment is for the purpose of fixing a rate for authorized service. It seems to me, in ascertaining a basis for this rate, we should take into consideration the used space. It does not seem to me that it would be fair to include in the car-foot miles forming such a basis any service outside of the regularly used service, on plan No. 2. (R. 438.)

Question. Now, supposing, with the train made up and with the train filled, there are a number of additional passengers to be taken care of, we will say 30 in number, occupying half of a passenger car, with the other half vacant, and you are required to put an additional passenger car on the train to take care of that half load of passengers. Where would you assign that 30 feet?

Answer. If such a case were reported on these forms, it would be assigned to passenger service.

Question. Well, that is assigned to passenger service, is it not?

Answer. I presume it is.

Question. The waste space in an additional car exclusively devoted to passenger is under this plan charged to passenger, and the waste space in the additional car required for use on the train all of which, so far as used, is used for the mail is also charged to passenger?

Answer. If that is a matter entirely within the railroad's control, that would be the case.

Question. Now, will you tell me how, under the case I have put, the railroad company is going to avoid hauling that 30 feet of excess space in that car, in order to fulfill the authorization of the mail for you?

Mr. STEWART. One moment. I object to the question, and I did not to others, because I supposed that there would be an end of them pretty soon, upon the ground that it is

purely hypothetical, and it is not shown that any one of these examples is included in this tabulation.

Question (by Mr. Wood). Will you be good enough to read class K on Exhibit No. 47?

Answer. "A 15-foot or a 30-foot apartment in combination car or unit of mail storage space was authorized; but the railroad company, for its own convenience, furnished and operated in fulfillment of such apartment authorization a full railway post-office car or storage car, baggage car, or combination car and reported and entered on Form 4 the mileage for the excess space, the difference between the apartment or mail storage space authorization and the length of the car furnished for the distance authorized.

"This excess car-foot mileage is entered in column 12, Form 4, when furnished in connection with an apartment car, and in column 23, Form 4, when furnished in connection with a storage-space unit, transcribed to column 25b, Form 3, and is included in column 21, Form 301.

"This excess car-foot mileage is classified under symbol 'k' hereinafter."

Question. Now, that all gets back to a previous exhibit of the Post Office Department, which is based upon the statistical study and the instructions that were given for the gathering of the information in the field, does it not?

Answer. Yes, sir.

Question. And the space that is undertaken to be described in this subdivision "K" is space which the carriers were instructed, under those instructions which were given, to report in those cases, where they had no use for the additional space in that car and were required to haul it in order to fulfill the authorization of the Post Office Department; is that right?

Answer. That space reported in column 25b, Form 3, which the railroads reported as being necessary to run, was stated in cases of that kind, indicating that in a great many cases there was ample space in another car running on the train. We could not concede that it was necessary to run that additional car. That was the point of difference between us. (R. 439-442.)

Question. And do I understand you to say that you have analyzed all of those cases and have found that in every one of those cases, in the judgment of the Post Office Department, there could have been some shift made in the consist of the train so as to avoid the hauling of that 30 feet of excess space?

Answer. I do not say that that is true in every case.

Question. But you have—

Answer. We have found cases which, in our judgment, could have been obviated by a different method of operation.

* * * * *

Question. What was it based on?

Answer. On the general proposition that I stated before, that in an ascertainment of this kind it seemed to us that we should base the ascertainment of space upon the used space. (R. 443, 444.)

(B) IN CONNECTION WITH THE MIXED CARS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, there are other cases here on this sheet in which you, instead of charging the excess over the used space to the passenger, you propose to apportion it between the passenger, the mail, and the express?

Answer. There is a difference there between mixed cars and postal cars. Under our plan No. 2, we do participate (R. "proceed" *sic.*) on a percentage basis in the unauthorized and unused space in mixed cars, based upon the used space in each of the services. (R. 444.)

(C) REASONS FOR THE DIFFERENCE IN TREATMENT OF CLAIMS IN CONNECTION WITH FULL POSTAL CARS AND MIXED CARS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Well, what is the principle upon which you determine on Exhibit No. 48 whether the space should be apportioned to passenger entirely or whether it is a case where there may fairly be an apportionment as between the passenger, mail, and express?

Answer. Because in the case of postal cars and apartment cars they are specific units which are authorized in advance, and the railroad company is able to arrange for their operation, and it does not encroach upon the remainder of the car. Those cars carry their own unused space. In the case of space in a baggage car, a certain amount of unused space is necessary to transact the business in the mixed car. We believe that the mail service should participate in that, and that is the theory of plan 2, of participation in the baggage end of mixed or combination cars. (R. 445.)

(D) UNUSED SPACE IN CONNECTION WITH STORAGE SPACE WAS APPORTIONED.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, suppose you look at subdivision "B" a minute and tell me what you do with "B" on your plan No. 2.

Answer. "B" classification consists of—

Question. Well, what do you do with classification "B"? Do you assign that to passenger exclusively, or do you apportion it?

Answer. I was going to state that a part of it was assigned to passenger, in connection with full cars or apartment cars, and that in connection with storage units, the storage space or closed-pouch space was divided on the basis of the unused space in mixed cars.

Question. Where do you find that?

Answer. That was made up for individual roads. It was not assigned to the total. Each road was treated separately in connection with the formula of Exhibit 65.

Question. Column B includes full railway post-office cars, does it not?

Answer. It includes some operation on days not authorized.

Question. It includes the excess use, the unauthorized use, of the railway post-office car?

Answer. On days when not authorized.

Question. And it includes the unauthorized and excess use of an apartment car?

Answer. On days not authorized.

Question. And of a full storage car?

Answer. On days not authorized; yes, sir.

Question. And you put that in with similar excess of the mixed cars, and propose to apportion all the space contained in Column B among the passenger, mail, and express?

Answer. You mistake me. Space classified as "B" on Form No. 2 and Form No. 4, as relates to apartment cars, is charged to passenger service. The remainder of it is apportioned. Is that clear? Understand, Mr. Wood, apportionment was not made on Exhibit No. 48 as a whole. Each road was apportioned separately. (R. 446, 447.)

**(E) ASSIGNMENT OF SPACE TO PASSENGER SERVICE
WHERE APARTMENT CAR IS RUN BY RAILROAD ON
DAYS NOT AUTHORIZED FOR CARRYING MAILS.**

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). And where there was an authorization of six days a week in a baggage car, but no authorization on the seventh day, you have assigned the amount of the authorization for the six days as unused space to be apportioned between the passenger, mail, and express?

Answer. For the Sunday movement, I take it you mean?

Question. Yes.

Answer. Yes, sir; that is true.

Question. But if, instead of a six-day authorization of space in a baggage car the six-day authorization had been for a mail apartment car, which might consist of a mail car devoted to the mail with a baggage end, in which the baggage and express were carried, and which constituted the regular consist of that train, running seven days in the week, you assign that, and the authorization is made on the space authorized in that mail car exclusively to the passenger?

Answer. Yes, sir.

Question. Now, what is the justification for the difference of treatment?

Answer. I don't know that I have to justify that. That is in accordance with the plan that we adopted for the treatment of these different classes of space.

Question. Now, let us see about that for a minute. That would cover a case of this kind, would it not: You had a train that ran every day, that consisted of a coach or two, exclusive passenger equipment, and a combination car, consisting of a mail and apartment car, on the baggage end, which is the regular consist of that train, and it runs every day. Now, on six days of the week there is an authorization for the mail, and on the seventh day there is none. Are you going to change the consist of that train on the seventh day?

Answer. That is frequently done.

Question. How frequently?

Answer. I think that is done on many, many roads.

Question. What would you put in in place of that combination car with the mail apartment and the baggage end?

Answer. Well, I don't know that that is any particular concern of the Post Office Department, what kind of a car they put in. I know that we do not need the car on Sunday, and I do not see any reason why we should be charged for it. (R. 448-450.)

And again:

Question. Now, that being the consist necessary to take care of the regular business of that train, I would like to have you tell me how the railroad company is going to avoid hauling that apartment car on the seventh day of the week. * * * to take care of the rest of that business.

Answer. It may not be able to avoid the hauling of that car, but that does not have any bearing upon the purposes

of this apportionment of mail space, it seems to me. We are endeavoring to get a fair approximation of the amount of mail space that is to be charged to the mail service. (R. 451, 452.)

(F) CONTENTION OF DEPARTMENT THAT IT IS NOT NECESSARY TO RUN APARTMENT CARS ON DAYS NOT AUTHORIZED.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, right at that point, we might clear up a thing that I have in mind. Where the department has not required the carrier to run their mail car, or distribute the mail, or carry the mail on Sunday, why is it necessary for the carrier to have that particular car in the train?

Answer. It is not for our purposes.

Question. That is your contention, that it is not?

Answer. Yes, sir.

Question. And it is the contention of the carriers that it is?

Answer. That is, so far as the apartment cars or full cars are concerned, they contend it is sometimes necessary.

Question. I can see, I think, where it was a mixed car, where they were carrying baggage, mail, and express in one car, it was not necessary to carry the mail on Sunday, but they would still have to run that car, but as to an apartment car, they could switch it out of the train, could they not?

Answer. That is our contention, certainly.

Question. Well, how about the mixed car?

Answer. We are participating in that.

Question. You do?

Answer. In the unused space in the mixed car.

Mr. WOOD. Will the examiner permit a question there?

Attorney Examiner BROWN. Yes; surely.

Question (by Mr. WOOD). If it was an apartment car, consisting of a car partitioned in two parts, one containing a mail compartment and the other containing baggage space only, the only baggage space in the train, how could they cut that apartment car out of the train on Sunday and leave any space to carry the necessary baggage?

Answer. They could substitute a car without an apartment in it.

Question. Substitute a full baggage car when a half baggage car would do? How would they save any space?

Answer. That is not the concern of the Post Office Department, as I stated yesterday.

Question. And you would have that other car kept idle for six days in order to substitute for the apartment car on the seventh day; is that the idea?

Answer. The railroad companies are not usually confined to only one car. They have other cars. (R. 477-479.)

(G) DEPARTMENT WAS OVER LIBERAL IN PARTICIPATING IN ALL SPACE IN MIXED CARS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). But if, instead of mail apartment authorization on that train, you had a train with a consist of two coaches and a baggage car, and in that baggage car you carried closed-pouch mail, baggage, and express, the authorization for the closed-pouch mail being for six days a week, and you ran the same consist of the train on the seventh day, would you assign the amount of the closed-pouch authorization on the seventh day in the baggage car, which you had to run on the seventh day, to the common space, the unused space, to be divided between passenger, mail, and express? That I understand to be plan No. 2?

Answer. That is true.

Question. Now, why did you do that?

Answer. Well, it is possible that we have been overliberal to the railroads in that case. We should not have charged that to the mail service. In fact, I think our plan No. 2 was overliberal there and in some other cases; but, of course, your classification of space reported on Form 3 shows that there are a great many mixed cars in which no mail is carried of any kind, in which plan No. 2 participates; but, owing to the enormous job, we were not able to go into and get out every one of those items any more than we are able to get out all of these items which you last referred to. Therefore we concluded that it would be a fair approximation to lump all of that stuff and participate in all of it.

* * * * *

Question. Then, after you have been unduly liberal with us and consented, under plan 2, to provide for an apportionment of the unused space in the baggage car, on what basis do you apportion that as between the passenger, mail, and express?

Answer. On the basis of the used space in mixed cars.

* * * * *

Question. And that is the way you have divided the waste space in the common cars, and that you think is right?

Answer. I would like to modify that by stating, in ascertaining the amount of the used space in mixed cars, we excluded passenger compartments in mixed cars and mail apartments in mixed cars. (R. 452-454.)

(H) GENERAL.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). But you do not think there is a foot of space in that train anywhere, under any conditions, except that actually authorized for the mail, that should be charged exclusively to the mail?

Answer. Plan No. 2 does not contemplate any such disposition.

Question. And neither does plan No. 1?

Answer. Neither does plan No. 1.

Question. So your answer would be no?

Answer. No. (R. 455, 456.)

ON THE RAILROADS' THEORY OF CHARGING SPACE TO THE
MAILS THEY COULD SELL THE SAME TO THE GOVERNMENT
REGARDLESS OF THE POSTAL NEEDS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Gaines, you heard a great deal of testimony by the railroad witnesses with reference to the oversize cars where the railroads are furnishing cars or apartments in cars of greater size than those which are required by the department. Assuming that the railroads could furnish the units of cars requested, but do not do so, but furnish an oversize car, what have you to say in general upon the railroad's theory that the department should be charged with the entire space? * * *

Answer. The claims for excess space made by the railroad witnesses and which they charge against the operation of the space basis include cases where there is a 15-foot authorization and 30 feet of space furnished, where there is a 30-foot authorization and a 60-foot car is put in service, but where the department has no use whatever for the additional space. The remedy, of course, would be to furnish cars as authorized. Otherwise they can sell us any amount of space they choose, and in excess of the needs of the service, by the general use of oversize cars. The companies also claim maximum space needed on any part of the car run should be paid for over the entire length of the car run, although the car operation in many cases is over long distances, and where many divisional points intervene, and where it would be entirely practicable to

change the consist. In some cases the railroads are operating cars over different system lines, as, for instance, between St. Louis and San Antonio or St. Louis and El Paso, a distance of about 1,500 miles, and in the case of the San Antonio movement over three separate railroad companies' lines. (R. 3240-3242.)

THE SPACE REPORTED DURING THE TEST PERIOD WAS THAT FURNISHED UNDER THE WEIGHT-BASIS SYSTEM AND IT WAS NOT INTENDED BY THE RAILROADS TO CONFORM THE UNITS TO THE DESIGNATED SPACE-BASIS UNITS UNTIL THE SPACE-BASIS SYSTEM SHOULD BE DEFINITELY DETERMINED UPON.

Mr. WETTLING testified, on direct examination, as follows:

Question (by Mr. WOOD). The service that was performed was performed in the equipment that had been provided to take care of the mail as the mail service was conducted?

Answer. Oh, absolutely. Of course, the railroads built no new equipment to meet this. They could not be expected to. As a matter of fact, this matter was a test, not definitely determined that it was to be applied permanently, and no railroad company could afford to immediately transpose or rebuild its equipment to fit, and in many cases the fact that they did rebuild would not save them a particle of space. * * *. (R. 1068.)

SPECIFIC CASES DISCUSSED.

COMBINATION OF DESTINATION LOADS, RAILROAD EXHIBIT NO. 65; A MUTUAL ARRANGEMENT TO SAVE TRANSFERS EN ROUTE.

Mr. GAINES testified, on direct examination, as follows:

Question (by Mr. STEWART). Do you recall Mr. Mack's testimony regarding the combination of destination loads in one car? I think he had it illustrated on Exhibit 65.

Answer. Sixty-five?

Question. That was a Houston car, a San Antonio car—

Answer. Yes, sir.

Question. Will you please explain how that was operated?

Answer. It was an arrangement that was made under the weight basis. I believe Mr. Mack, as well as myself, was proud of the arrangement when it was first made, because it relieved the railroad company of what would

have been otherwise a necessity for transferring a large amount both of mail and express at Palestine. It was an arrangement for destination loads to go forward over three different railroad systems, and it occurs to me that it might be worked out to great advantage in a great many other cases to avoid heavy transfers at junction points. Just why it should be brought in as a criticism against the space basis I do not know. I have not been able to ascertain just what criticism lies against the arrangement.

Question. As I understand it, the facts were that there were 60 feet authorized between St. Louis and San Antonio.

Answer. No, sir; St. Louis and Palestine.

* * * * *

Question. And two cars were operated in the train in which this 60 feet were distributed—20 feet in one car and 40 feet in the other?

Answer. That is correct—20 feet in one car and 40 feet in another, in satisfaction of a 60-foot railway post office authorization between St. Louis and Palestine. The department pays for a round-trip movement, just as though the railroad company were furnishing a 60-foot storage car in satisfaction of a 60-foot authorization.

Question. Now, an arrangement was made between the railroad company and the department whereby 20 feet of that 60 feet was located in the Houston car and 40 feet in the San Antonio car?

Answer. Yes, sir.

Question. And the balance of those two cars was used, as I understand you, for baggage and express?

Answer. For baggage and express, or for express, I believe it is, only. In the San Antonio car, at any rate, there is no baggage regularly carried. In fact, I do not believe there is in the Houston car, but, at any rate, it is a mixed carload, express and mail.

Question. What was the advantage in that arrangement?

Answer. The advantage was to avoid heavy transfer at Palestine, and, incidentally, what would have been the necessity for an additional porter force to make a transfer at Palestine.

Question. It was in operation under the weight system?

Answer. It was.

Question. And was arranged between the railroad company and the department?

Answer. Yes, sir. We were very glad, indeed, to cooperate in the loading at that time, as it has been carried on successfully ever since. There has been some question in regard to the 40-foot load in the San Antonio car. A

nonstandard car was furnished, and, I believe, is still in use, made evidently for an express run and with facilities for the use of the express messenger, located on one side of the door of the car, between the side doors. * * *. (R. 3261-3263.)

ST. LOUIS—LITTLE ROCK—TEXARKANA; RAILROAD EXHIBIT NO. 65; TRANSFER AT LITTLE ROCK.

Mr. GAINES testified on direct examination as follows:

Question. (by Mr. STEWART). * * * Now, referring to the same exhibit, No. 65, do you recall the testimony of Mr. Mack as to the operation of the 60-foot postal car between St. Louis and Little Rock and the 30-foot apartment authorized thence to Texarkana?

Answer. I recall that, * * *.

Question. What are the facts in reference to that? I call your attention to the point, Little Rock, and the time of arrival of train No. 17 and the departure of train 5.

Answer. The 60-foot postal car is operated over the Missouri Pacific line between St. Louis and Little Rock in train No. 17. Train 17 departs from St. Louis somewhat in advance of No. 5. The car is due to arrive at Little Rock at 7 a. m. in train No. 17, and a train in which we ask for a 30-foot car. We do not ask for that car, be it understood; we ask for a 30-foot car to be operated in train No. 5 on the same system, which leaves Little Rock at 8.50 a. m., or 1 hour and 50 minutes after the 60-foot car in question arrives at Little Rock. It is supposed that the railroad company did not have a suitable 30-foot car to be used between Little Rock and Texarkana, and, instead of the 30-foot car requested, are using the 60-foot car which is operated in train 17, St. Louis to Little Rock.

I will state that we did have a 60-foot car authorization and paid for on train No. 5 between Little Rock and Fort Worth, but the railroad company made a number of changes in schedule. I believe November 17 this change was made, although I am not entirely positive of that, whereby No. 5 was not due to receive the large amount of mail at St. Louis which it had formerly received. It was discontinued as a through Texas train to Fort Worth, Dallas, and the West, and we had no use for any car on that train between Little Rock and Texarkana, except for the purpose of distributing the local mail. Thirty feet of space was more than needed; 15 feet would not have been quite enough, and we requested a car amply sufficient in size and facilities for our purpose, and the company is claiming that we should pay for the 60-foot car, which we did not ask and which we do not need.

Question. Now, there is an hour and fifty minutes at Little Rock between these trains?

Answer. An hour and fifty minutes by schedule.

Question. The 60-foot car is cut out of train No. 17 and placed in train 5?

Answer. Placed in train 5; yes, sir.

Question. And proceeds to Texarkana?

Answer. Yes, sir.

Question. How far is it from Little Rock to Texarkana?

Answer. It is about 190 miles, I think. I have not the exact distance.

Question. If they had the 30-foot apartment, there would not be any reason why it could not go into train 5?

Answer. No; there is an hour and fifty minutes for any change. (R. 3264-3266.)

ST. LOUIS-PALESTINE—AUTHORIZATION BEYOND PALESTINE; RAILROAD EXHIBIT NO. 65; TRANSFER OF MAILS.

Mr. GAINES testified on direct examination as follows:

Question. (by Mr. STEWART). Now, referring further to this Exhibit 65, showing the destination loads of the 40 feet of mail in the car, St. Louis to San Antonio, or as far as Palestine, and a 30-foot authorization from Palestine to Taylor, Mr. Mack testified, I believe, that the same load, St. Louis to Palestine, was carried in the car from Palestine to Taylor, although the space authorized was reduced to 30 feet storage between Palestine and Taylor?

Answer. Yes, sir. That is Mr. Mack's testimony, and is specifically set forth in this exhibit. I made a statement to the effect that the postal clerks were transferring the mail en route from the baggage storage car, the San Antonio car, to the working car between Longview and Palestine, and that that accounted for the difference in the authorization, a reduction in the authorization from 40 to 30 feet. Mr. Mack exhibited a diagram, and made a statement which shook my confidence at that time. I thought I must have been mistaken, but I am not mistaken. I knew that the arrangement had been in force for a very long time, and if it had been discontinued, I had not been advised of it. As a matter of fact, not only the working mails for our San Antonio connections are transferred between Longview and Palestine, but the mail for local delivery at points between Palestine and Taylor is transferred en route by the postal clerks. The local deliveries are made by the postal clerks from the car, and the railroad company is not charged with that duty, Palestine south, and I am very sure—

Question. Then, from your information about the facts in that case, it would appear that Mr. Mack was mistaken when he stated that the same identical load was carried on between Palestine and Taylor?

Answer. He certainly was mistaken. (R. 3266, 3267.)

Further discussion of the facts occurred on cross-examination (R. 3303-3311) and Mr. Gaines submitted a letter from chief clerk, Railway Mail Service, as the basis of his statements, as follows:

RAILWAY MAIL SERVICE,
OFFICE OF CHIEF CLERK,
San Antonio, Tex., March 31, 1919.

The SUPERINTENDENT, R. M. S., *Fort Worth, Tex.*

I am in receipt of your letter of March 28, in which you refer to recent reports made by me in connection with complaints of the I. & G. N. R. R. Co., alleging delays to their trains, account of handling of the mail.

In reply to your inquiry in the last paragraph of your above-mentioned letter, will state that clerks in Longview and San Antonio train 3 have instructions to make specific report whenever the railroad company does not furnish sufficient help to do the actual loading and storing of the mail loaded into the baggage end of the mail car of train 3 at Longview Junction, and as I have received no recent report showing that this was not being done, I assume that the railroad company is furnishing proper assistance at that point.

A considerable quantity of mail for local delivery between Longview and Palestine is loaded into the baggage end of the mail car and one of our clerks is detailed to unload such mail at the various local stations.

At Palestine the railroad company, as a rule, furnishes sufficient porters to do the actual physical labor of unloading the mail, while our clerks supervise the unloading of such mail.

Also, as a general rule, all of the mail for local delivery between Palestine and San Antonio is transferred into the mail car at Palestine, except that for Austin and connections, the latter mail also being unloaded from the baggage car by one of our clerks, while this clerk also unloads about a truck of working mail at Taylor, which is transferred into the mail car at that point.

In train 5, all of the mail on hand at Longview Junction on arrival of T. & P. train 5 is, under normal conditions, loaded into the mail car. The No. 3 working mail which is being stored in the Palestine storage car is still being

transferred by our clerks en route between Longview and Palestine, while the separations of the Palestine and Galveston mail in the Palestine storage car are being made by the railroad employees.

Our clerks again make transfer en route of San Antonio working connections and of mail for local delivery between Palestine and Taylor, while one of our clerks is also detailed to unload the mail from the storage car at such points where the quantity of mail is too great to be transferred into the mail car en route, as, for instance, at Hearne, Milano, Taylor, Austin, and San Marcos.

I understand from the third paragraph of your above-mentioned letter that the clerks in charge in the Longview and San Antonio R. P. O. can be relieved from keeping record of delays which occur at all junction points, and that if they make report of the delays that occur at Longview Junction, Palestine, Taylor, and Austin, that will be sufficient, particularly as keeping record of delays at these four points will not increase the average hours on duty to an unreasonable extent.

I have therefore modified my Order No. 5779, under date of March 8, accordingly, a copy of modified order being herewith inclosed.

EDWARD ARNOLD, *Chief Clerk.*

(R. 3311-3313.)

**AUTHORIZATIONS OF EMERGENCY SERVICE—RAILROAD
EXHIBIT NO. 67; A METHOD TO MEASURE THE SERVICE
ACTUALLY PERFORMED AND PROVIDE PAYMENT THEREFOR.**

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Gaines, this matter has been referred to a great many times, but I feel that, inasmuch as it has been cited as a typical case in your division, I would like to ask you to refer to Railroad Exhibit No. 67, which illustrates the authorizations of emergency space for a period between Palestine and San Antonio, and this shows frequent changes en route. Now, assuming this to be in connection with the department's rule, what have you to say about it, just briefly? You have the exhibit, I believe?

Answer. Yes, sir. The exhibit shows that a 30-foot storage authorization is in effect between Palestine and Taylor and a 15-foot authorization between Taylor and San Antonio. The space is in a regular baggage car. There was an emergency authorization in addition to the regular authorization in the same car which varied from station to station, increasing as the train neared San

Antonio. This did not affect the regular authorization in the car, but merely cared for the excess mails above the mails which were carried in the regularly authorized space.

This emergency authorization, like all others of the same class, was made only when the space was found in the consist of the train run, and occupied space which would not otherwise have been used. Whatever may be the criticism upon this plan of authorization, it was a method devised to measure the service actually performed and to provide payment for it.

Concerning the inquiry as to whether the department could not have paid for the full car all the way through, it may be said that this was a baggage car, and there is nothing to show whether or not the car was partly occupied by baggage. If there was any baggage in it, it could not have been paid for as a storage car.

Question. Now, from your experience, is that fairly typical of that class of service?

Answer. It is. I will say, Mr. Stewart, that that is, I think, quite an extreme case—not typical of the service, as a rule. I do not know of very many cases in my division where we have had authorizations of just that kind in excess of a 30-foot regular authorization. The occurrence was on December 22, I believe, one of the heaviest days of the year from a mail standpoint, and I believe there were two 60-foot storage cars and a 60-foot railway post-office mail car in the train at the same time.

Question. I should not have said "typical." I intended to ask whether it is fairly representative of the manner in which the department handles those cases.

Answer. It is. (R. 3259-3261.)

PAYMENT FOR STORAGE SPACE ST. LOUIS TO FORT WORTH, RAILROAD EXHIBIT NO. 68.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, referring further to this Exhibit No. 68, what have you to say in regard to Mr. Mack's contention that the storage space in that baggage car should be paid all the way through from St. Louis to Fort Worth, although the Texarkana mail carried in the baggage car down to that point may be transferred into the mail car in the same train?

Answer. I presume, Mr. Stewart, you mean the Fort Worth and Dallas mail loaded in that car might be transferred at Texarkana? That is what I get from the exhibit.

* * * * *

Answer. We are having loaded in St. Louis, as I understand, through mails for Dallas and Fort Worth in the

baggage car in question, which runs through between St. Louis and Fort Worth. The mail car would not accommodate that storage mail until the mail for Texarkana is dispatched out of the car. It seems that, as a rule, after the dispatch of the Texarkana mail there would be space in the mail car for the Fort Worth and Dallas through mail that was loaded in the baggage car at St. Louis, and under the rules of the department the railroad company is given the option of making the transfer of the mail from the baggage car to the mail car under cases of that kind, or of carrying it through in the baggage car, but without additional pay for the space so used in the baggage car, on the ground that we have space available in the mail car, in which that could be placed. Sometimes, * * * we are making that transfer, but it is not in accordance with the rules that we should do so or that the railroad company should do so.

Question. The question here is the matter of space in the cars and operation of the cars, and, as I understand you, there are two cars in which mails are carried—first, there is the full car, St. Louis to Fort Worth; then there is the baggage car, in which there is a 15-foot authorization, and in that 15-foot authorization Fort Worth and Dallas mails are placed at St. Louis; is that right?

Answer. That is right. I am not sure as to there being the 15-foot authorization, but that is the train.

Question. Well, whatever the authorization may be.

Answer. That is the idea; yes, sir.

Question. When that train reaches Texarkana, the same cars are in the consist?

Answer. The same cars are in the consist.

Question. And the mails in the full car have been reduced to such an extent that it permits the transfer of these mails which were placed in the 15-foot authorization, if that be the authorization, into the full mail car?

Answer. Yes; that is correct.

* * * * *

Question (by Attorney Examiner BROWN). * * * Now, just looking at it casually, if they have set aside that space at St. Louis, and they have made up their train accordingly, they may leave some baggage behind or something else, but the car is full of baggage up to the 15 feet which you have authorized. That space is still there, is it not? It is still set aside under those circumstances?

Answer. Well, if we say we can take that mail into the mail car the space is relinquished. Whether the railroad company can make use of it is another matter. Sometimes they can and sometimes I suppose they can not; but

at any rate we relinquish the space. That of course is the contention of the companies, that that space, as a rule, is not available for other business.

Question (by Mr. STEWART). You mean, Mr. Gaines, that the authorization ceases there; it is no longer required?

Answer. No longer required. It ceases at this divisional point.

Question (by Attorney Examiner BROWN). Of course, in the case of operating a train, as has been mentioned here, you can not shorten up a car, you can not cut off the 15 feet, and the car is necessarily transported on to the end of the run, is it not? It has to be. Now, I am not committed to the idea one way or the other, but, as a question of abstract justice between the department and the carrier, is there any reason why, having set aside that 15 feet and using it two-thirds of the way to destination, the carrier is not still holding out that 15 feet of space for the use of the Post-Office Department?

Answer. Well, Mr. Examiner, in this particular case, which is quite typical, the change is made not only at a divisional point but at an initial point on another railroad system line. The Missouri Pacific ends at Texarkana and the Texas & Pacific begins there. It is true that they are closely associated and the trains are run through just as though it were a system, but the question arises with the Post Office Department naturally to what extent this might be carried, the railroad companies claiming pay for the maximum space used on car runs, and they control the car runs. They have cars, I believe, that are running through from St. Louis to Laredo, Tex., and from Chicago to Houston, Tex., I believe, but these extremely long car runs are in the control of the railroad company, and if we had to pay for the maximum space used over the entire line, it would be greatly in excess of the needs of the Post Office Department.

Question (by Mr. STEWART). Well, this car is a baggage car, is it not, Mr. Gaines?

Answer. It is a baggage car, and we are limited to only a small portion of that car for mail purposes.

Question. It is a car which would be run under any circumstances in the consist of the train, would it not?

Answer. Yes; they would have to run the baggage car. I do not think this arrangement is adding to the tonnage of the train.

Question. They would not have to run this car for the purpose of accommodating the mails beyond the point of authorization?

Answer. No. (R. 3269-3273.)

**RAILROAD EXHIBIT NO. 68. DEFICIENCY IN STORAGE
IN 60-FOOT POSTAL CAR.**

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Exhibit 68, the diagram at the bottom of the page, at the left, you will notice that the statement is made there, and I think Mr. Mack so testified, that there was 23 feet deficiency in that 60-foot car. What are the facts about that?

Answer. The deficiency charged against the railroad company is $9\frac{1}{2}$ feet instead of 23 feet. That, I would think, was just a mistake in entering it on the blue print, but it occurs in the testimony, and I judge from reading Mr. Mack's testimony that he meant that the 140 sacks, or whatever part of that number might be transferred from the mail, might be placed in the baggage car—had to be scattered around over the car in a way that occupied the 23 feet. That is the only explanation I can give of the 23-foot exhibit. (R. 3267, 3268.)

**OPERATION OF CAR BETWEEN TEXARKANA AND LONG-
VIEW JUNCTION. RAILROAD EXHIBIT NO. 68.**

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Gaines, on the same exhibit, No. 68, there is an example with reference to the operation of a train between Texarkana and Longview Junction. That is over the Texas & Pacific, and there is an authorization, I believe, between Longview Junction and San Antonio over the International & Great Northern. Recalling Mr. Mack's claim for the operation of that car between Longview Junction and Texarkana, will you please state what the facts are as you may know them?

Answer. The facts were very fully set forth in Mr. Mack's testimony, and this diagram makes it very clear. It is true that there was a very heavy transfer of mail—also baggage and express, I believe—being made at Longview Junction. It was causing delay to both the Texas & Pacific train bringing the mail in, and the International & Great Northern train taking the mail out of Longview Junction. We had been endeavoring to find some way to obviate the delay, and destination loads, mixed loads of mail, baggage, and express, had been suggested. That was not considered advisable, I believe, as a through movement from St. Louis, but on account of the very large amount of mail that was being taken on at Texarkana, Mr. Mack suggested the happy solution of having this combination mail and baggage car, which was being operated in the

International & Great Northern train between Longview and San Antonio, operated through to Texarkana and set out there for advance loading, not only of the mail, baggage, and express originating at Texarkana, but to furnish facilities for the handling of the International & Great Northern mail; that is, the mail south of Longview Junction that was brought into Texarkana by the Missouri Pacific.

I notice that Mr. Mack stated in his testimony that the car was not being used to any great extent for express. I have not the information personally on that point, but that was the purpose of its being run there. It was to provide means of handling mail, baggage, and express, and avoid delays to the trains and avoid porter force at Longview Junction, and it has worked very successfully. I think the arrangement would be good under the space, under the weight, or under any other basis of payment. (R. 3274, 3275.)

CALDWELL TO DALLAS VIA FORT WORTH A 60-FOOT RAILWAY POST-OFFICE CAR WAS AUTHORIZED BETWEEN CALDWELL AND FORT WORTH, AND THE RAILROAD RAN IT THROUGH FROM FORT WORTH TO DALLAS OVER A WEIGHT ROUTE AND CHARGED THE OPERATION TO THE MAILS.

Mr. GAINES testified on direct examination as follows:

Question (by Mr. STEWART). You heard the testimony of Mr. Searle with reference to the operation of a full 60-foot car between Fort Worth and Dallas over a weight route—I believe the route was from Caldwell to Dallas by way of Fort Worth—in consequence of which the company in its statistical data charged the full space of its operation to the mails. Will you explain the circumstances under which the operation occurred?

Answer. A 60-foot car is being operated under a 60-foot authorization between Kansas City and Fort Worth, Tex. The mail car, the authorization for which terminates at Fort Worth, was operated through between Fort Worth and Dallas, a distance of approximately 35 miles, and although that part of the line between Fort Worth and Dallas is on the weight basis, a charge, as I understand it, for the operation of that car was made against the space basis. We have not insisted that the car be cut out at Fort Worth for advance work by the railway postal clerks, although it would be somewhat of advantage to this service to do so. Within the last few months a very considerable amount of mail was diverted to this closed-pouch weight line at Dallas, and the company given a reweighing and readjust-

ment on the weight basis. The mail so diverted is not being placed in the postal car which is operated between Fort Worth and Dallas and Dallas and Fort Worth, but in the baggage car, which is operated Dallas to Fort Worth only, being cut out of train 12, the one in which the postal car is operated, at the latter place. Only local mail for the line is loaded into the postal car, which the railroad company runs through over this weight basis line for its own convenience.

Question. Then, as a matter of fact, although the 60-foot car is operated over a weight basis route, the main part of the mails which represent the pay received for that service are not even carried in the car?

Answer. No. There is nothing but the local mail for the line for the Caldwell and Fort Worth line, Fort Worth north, that is carried in that car. It is my understanding that that car contains a combination load of mail, baggage, and express, serving the purposes of all three * * * and is operated from Dallas to Fort Worth and cut out at Fort Worth upon arrival there, and as far as I know without any delay to the train for switching.

Question. Now, of course, Fort Worth is a point at which any change can be made in the consist of the train?

Answer. Yes, sir; it is entirely practicable.

Question. Do you know of any reason why that operation should be charged against the Post Office Department?

Answer. I don't know of any except the general proposition that we pay for space in cars which the railroad company would prefer for some reason—of course, in this particular case it is evident that they operate it through for the purpose of avoiding switching at Fort Worth—but it seems to me that the fact that they are operating a car that is cut out at Fort Worth would indicate that the mail car might also be handled in the same way and without material delay to their train. We were very glad to agree to the arrangement of allowing the postal car to run through Fort Worth to Dallas and Dallas to Fort Worth, although we had no use for it, so as to avoid any possibility of delaying their train at Fort Worth. However, it is very likely that the mails originating at Fort Worth, if loaded in that car before arrival of train 12 from Dallas, would serve to make it possible to perform the local service more expeditiously than now, because the car would be set for advance loading of all the mails originating at Fort Worth and from connection lines, and would be placed therein before the train from Dallas arrived.

Question. Now, if the rule followed by the company in that case were adopted as the rule or as the basis for

charging the space against the department it would result, would it not, in charging to the mails 100 per cent of that entire movement under all circumstances where trains were operated in the same manner, where it appears that the operation is mainly, if not entirely, for the accommodation of the purposes of the company and not for the convenience of the mails?

Answer. It would. (R. 3232-3235.)

**SPECIFIC CASES MENTIONED BY RAILROAD WITNESSES
MACK AND SEARLE ARE NOT TYPICAL AND REPRESENTATIVE IN ALL CASES.**

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, Mr. Gaines, you heard the testimony of Mr. Mack, and you heard the testimony of Mr. Searle, did you not?

Answer. Yes, sir.

Question. And I ask you whether the cases they gave and the illustrations which they made are not fairly representative of the relation between the authorizations of the Post Office Department and the service performed by the railroad company in your division?

Answer. No, sir; I think the statements of Mr. Searle and Mr. Mack made about the space authorizations do not represent the average conditions at all.

Question. Well, they are representative conditions that exist on other lines in your territory, are they not?

Answer. Not generally applicable; no. (R. 3324.)

Mr. GAINES also testified on cross-examination as follows:

Question (by Mr. WOOD). Well, you will admit, won't you, that all of the cases, or all of the kinds of cases, that were disclosed by the testimony of Mr. Mack and of Mr. Searle are typical and representative of the conditions on your division generally, wherever the opportunity presents itself to you * * * to reduce the space authorizations irrespective of the operating requirements of the railroad?

Answer. No, sir; I would not say that.

Question. All right. We will have to go on.

Answer. All right. Well, I don't know that I want to go into that, but I can give examples to the contrary.

Attorney Examiner BROWN. Well, give us a few.

Question (by Mr. WOOD). I do not say that this situation exists on every train on your division. I say that where the opportunity affords itself to you to reduce your space authorizations in exactly the same manner, and make them in exactly the same manner, as illus-

trated by Mr. Mack and Mr. Searle, you do it irrespective of the operating requirements of the railroad company?

Answer. No, sir; not always. Would you like to hear—

Attorney Examiner BROWN. Yes; give us one or two.

The WITNESS. Let me give you the operation of the fast mail train between St. Louis and San Antonio, which is the most important mail train we have. * * *

As far as the needs of the service, from a distributing facility standpoint are concerned, a 30-foot mail apartment would be ample for all purposes between Little Rock and Longview Junction. That car is paid for both ways over the line between St. Louis and San Antonio as a 60-foot full railway post-office car. We recognize the operating conditions on that railroad, the necessity for running that train through as (R. "on" *sic*) a fast train, the impracticability of cutting out the car at Little Rock and cutting another one in at Longview Junction in that particular train, and we disregard the needs of the service as might make it practicable to reduce the authorization of that train. (R. 3332-3334.)

Answer. There are several examples of that kind, but I will admit that we do reduce distributing space authorizations in a few cases before we get to the end of the car run.

Question. All right, sir.

Answer. There is no dispute on that point.

Question. So what they have said is the condition that exists on other lines in your territory?

Answer. Well, what they have said in connection with that exists on certain lines in the eleventh division. (R. 3336, 3337.)

Question. You have, with the possible exception of the class of cases which we were discussing just before lunch, namely, the case of full storage car authorizations, for only a part of the days of the week, and less than full storage on the remaining days, resulting in the actual operation of the full storage every day, substantially every class of cases described by Mr. Mack and Mr. Searle, not only on their lines, but on other lines in your division, have you not?

Answer. If you will specify those cases—I do not mean individually, but I am perfectly free to admit that there are cases in the division where we reduced distributing units, numerous cases where we discontinued or reduced baggage-car units, and that class of cases. (R. 3343.)

Question. Now, Mr. Gaines, after this review, and without going into details in the various cases in your division, would you be willing to admit that the cases recited by

Mr. Mack and Mr. Searle are, in fact, representative conditions that exist on other lines in your division?

Answer. There are cases of the kind that you mention, yes; but Mr. Mack and Mr. Searle made some statements that I remember that I will not indorse.

Question. What are they?

Answer. Especially Mr. Mack, in regard to the great imposition on the baggageman in handling mail into and out of the baggage cars, calling for expert knowledge of the distribution. That does not occur in the eleventh division that I know of, anywhere.

Question. Now, with that exception, you are willing to admit that the conditions that they described are representative of the conditions on lines other than your own, in your division?

Answer. Not all lines, but some lines everywhere. (R. 3348.)

DENVER AND RIO GRANDE.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Brauer, you heard the testimony of Mr. Mack with reference to the Denver & Rio Grande case?

Answer. Yes, sir.

Question. Will you please state the facts with reference to that, as you are acquainted with them?

Answer. Well, the facts of the case, as testified to by Mr. Mack, are just as stated by him. There is a 15-foot authorization, storage authorization, in a train of the Denver & Rio Grande, and they haul three baggage cars in the train. One goes down Alamosa way, one to Salida, and one to Leadville, and the mail is piled in those three different cars. I don't know just what the complaint was. It is a good thing for us, and it is a good thing for the railroad company to handle it in that way. That is not an uncommon practice. We go even further than that.

For instance, out of Omaha, on the Burlington, we have two trains operating out of there. One goes up to Billings in the summer and one goes out in the wintertime, when the traffic is light. These two trains are combined between Omaha and Lincoln. Now, during all of last summer, we had a 15-foot authorization in one train and a 30-foot authorization in another train. When they combined the two trains we put the facts up to the department, and the department authorized a 60-foot storage.

Question (by Attorney Examiner BROWN). From Lincoln on?

Answer. From Lincoln to Omaha and back.

Question. That is when you had one train?

Answer. That is when the trains were combined.

Now, as a matter of fact, there was very little mail carried in that car that the department authorized. The mail was carried in the Billings baggage and Denver baggage and the Lincoln mail, with the Lincoln baggage and express in this car. That was kicked out at Lincoln.

Now, the only reason I cite that is that it has reference to the proposition of cooperation.

As far as this instance is concerned, we have continued that car on through to Denver. The mails got heavier—I don't know just why, but the parcel post began running heavy out there, and the car has been continued through to Denver.

* * * * *

Question. That is really a split-load proposition?

Answer. A split-load proposition. (R. 3374-3376.)

OMAHA AND COLORADO SPRINGS.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Referring to Chicago, Rock Island & Pacific train 7, Omaha to Colorado Springs, referred to by Mr. Searle, will you please state what there is about that case?

Answer. The company operates a 60-foot car on that run between Omaha and Colorado Springs, 626 miles.

* * * * *

As far back as I can remember—I have not looked at the records—they always did operate the 60-foot car on that particular set of trains, 7 and 8. Prior to the space basis of payment, they got nothing for operating that car, except what was involved in the pay on the weight. There never was a time that more than 30 feet of distributing space was needed. It is not needed now, but when the space basis took effect the 60-foot car was authorized between Omaha and Belleville and return, under the rule that if you carry storage both ways, the next unit larger would be authorized.

Now, about a year ago, I think it was, Mr. Searle came to me and stated that he had the proposition up of cutting this 60-foot car out at Belleville. The train combines at Belleville with train 39 from Kansas City, and the load to be transferred from the mail train to the Kansas City consist, it seems, was lighter than to be transferred the other way.

Now, we had a conference over the matter, and the result was that I asked for an authorization for the car to continue on to Phillipsburg, and that is where it ends now. It

goes from a 60 to a 30 at Phillipsburg, Kans. The mails lighten up there. You leave Omaha with a big load, and by the time you get to Phillipsburg you are getting into a thinly settled territory, and most of the mail has been delivered. Of course, the company operates the 60-foot car through now, as it did before it went on the space basis, and as has been testified here, it is very common for the carrier to operate oversize mail cars.

Question (by Attorney Examiner BROWN). Is Phillipsburg a passenger junction point?

Answer. Oh, yes. It is a divisional point in every sense of the word. Train crews change there, engine crews change there, and mail crews change there. It is the big divisional point, I would say, between Kansas City and Colorado Springs.

Now, as to the excessive amount of excess mail that was carried in that car on the day that Mr. Searle mentioned, I can only say that about that time we were getting a lot of freight shipments from mail order houses into Grand Island. They shipped their catalogues by freight to Grand Island, and it goes into the mail at that point, and they delivered it to the zone around Grand Island. That takes in western Nebraska, northern and western Kansas, and eastern Colorado. I do not know whether this happened on that particular day, but it was running heavy, and I think, really, it must have happened on that day, because we have in a 60-foot mail car only 13 feet of storage space, and in a 30-foot car we are entitled to 7 feet of storage space. That would leave 6 feet of storage space belonging to the railroad company between the stanchions.

Now, Mr. Searle, I think, testified to something like 15 or 16 feet of mail going into that 6 feet, and it was put in there by count. It must have been a lot of small sacks, just such as these mail-order houses send out, two or three catalogues in a small No. 2 sack.

That was the first complaint I ever heard about that train; but if that excess mail has been running regularly, there is just one thing for me to do, and that is to recommend a regular unit; that is all.

Question. Much of that catalogue stuff was hauled in freight cars, was it not?

Answer. Yes; * * * and we made arrangements to load it into freight cars. We hauled it on the local freights, and the local freight line delivered it from station to station down over the Grand Island and out on the Rock Island. The mail was shipped out by freight to Grand Island. Of course, local freight is not a very fast service, but it is better than to fill up the mail cars with it.

Question. (by Mr. STEWART). And they got the full mail rates for that movement?

Answer. Yes, sir.

* * * * *

In connection with the cutting of the space at Phillipsburg, we cut from a 60 to a 30. Mr. Searle says it would be impracticable to transfer that mail, and put what baggage he has left in his 60-foot car into a combination 30-30. My clerks out there say it would be practicable. I don't know, but as to the time it would take, it has been stated here that it would take from 30 to 35 or 45 minutes to make a transfer of that kind. Now, out at Grand Junction, on the Denver & Rio Grande, on train No. 1, there is a 30-foot apartment car authorized from Denver, Colo., to Ogden, Utah. Up to within a very short time ago, Grand Junction, being the end of the run, the carriers spotted the car on the westbound section and transferred the mail and baggage over into another car, and the only difference between the two cars was the number stenciled on the side. That was done in 10 minutes dead time.

Take the fast mail out of Union Pacific Transfer. We had up to a few months ago only 30 minutes' dead time to transfer all the mail from Burlington 15, which averages about 3 or 4 carloads, into Omaha and Ogden 5, and our dead time was 30 minutes. Of course, we never got out of town on that time, and it has been extended now to 45 minutes. (R. 3376-3380.)

LINCOLN AND BILLINGS.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Now, on one of those trains you have a regular 15-foot storage authorization from Alliance in addition to the 30-foot apartment authorization?

* * * * *

Question. And in addition to that 15-foot regular storage authorization from Alliance to Billings you have emergency storage authorizations practically every day in the year?

Answer. It ought to be increased, if that is the case, to the next highest unit.

Question. Well, it has run on this way for some two or three years.

Answer. Two or three years? That is almost impossible.

Question. Practically ever since the space basis has been in operation, has it not?

Answer. Well, all I have to say to that is that if it had been brought to my attention, and that is correct, it would have been increased to the next higher unit.

Question. You mean the regular storage would be increased?

Answer. Yes, sir. (R. 3522, 3523.)

* * * * *

Question. Now, then, as I understand your proposition, as Alliance is a division point the Post Office Department should be permitted to continue, as it does, to change that 60-foot authorization to a 30-foot apartment car at Alliance?

Answer. Yes, sir.

Question. You say that irrespective of the fact that even though the shift were made the railroad company would have to haul a 60-foot car in both directions?

Answer. If the shift was actually made the railroad company would not have to haul the 60-foot car for the entire use of the mail service in both directions, my dear sir.

Question. If the mail, as your evidence shows, appropriated that whole car out of Alliance, please tell me what use they would have for it for other traffic?

Answer. Certainly, if they insist upon running that 60-foot car the mail service will appropriate the whole—

Question (interrupting). No; I am not speaking of the present operation. I am assuming that they comply from the standpoint of railroad operation with your authorizations, and substitute at Alliance a 30-foot apartment car with a 30-foot baggage end, the entire capacity of that car would be exhausted by the mail and yet the railroad company would operate that car in both directions.

Answer. And I am assuming that if the railroad company did comply that there would be very little mail over and above that 15 feet in the baggage end of the car.

Question. That does not seem to be borne out by these emergency reports with 31 feet of emergency, 18 and 19 and 14 and 15, running day after day. You may be enough of a mathematician to get that into a 30-foot baggage end with a 15-foot regular authorization and still have a lot of space left, but I can't.

Answer. Well, if they had 31 feet, 15 feet, and put it all in the baggage car where the baggage rides—

Question (interrupting). They didn't put it all in the baggage car. Part of it moved in the oversize railway post-office car. But if they had complied with your authorizations the railroad company would have exhausted a full 60-foot car, consisting of a 30-foot apartment and 30 feet of baggage space, wouldn't they?

Answer. I don't think so; no, sir.

Question. Notwithstanding the fact that your regular authorizations occupy 45 feet and your emergency authorizations run from 10 to 30?

Answer. I still don't think so.

Question. And you think that the railroad company ought to be expected to make that shift at Alliance and transfer all that mail into the car that they would cut in at that point?

Answer. I think this: The department hadn't ought to be forced to pay for 60-foot distributing car over 841 miles of track, provided they only use it on any day over 300 miles of track. And if the department didn't have that to say, what is to prevent the carrier from running this same 60-foot car all the way into Seattle over that same train? (R. 3530-3532.)

CHANGING CARS AT OMAHA.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Did you cover the question of the Omaha car?

Answer. Mr. Searle testified to the effect that he was forced, under threat of fine, to begin the running of this 60-foot car at Omaha, and I guess that is true. I know I wrote him a letter about it, but here are the circumstances in that case: That 60-foot car, the law provides that it shall be set in the station for advance loading. Mr. Searle made a mistake when he said it was wanted for advance distribution, but, then, as a rule, those cars are wanted for just that thing; but in this case, it is wanted just for advance loading. The clerks only have an hour there, and it is a daily paper train. It leaves Omaha at 12.30 a. m. It gets a good stiff load of daily papers, the Omaha Bee and World-Herald, and an hour is a very short time for the clerks, only three, to change their clothes and get that mail piled. That was what the car was actually wanted for.

Now, as a matter of fact, we did try to run that car through. We got together on the proposition, and the company did have a period of eight or ten days' running it through, and we tested it out, and it took them just as long, if not a little bit longer, to cut the Chicago car out and set my car in as it did to load all the mail after the train came in. Then I insisted on having a car started out of there. Of course, they got paid the terminal rate. (R. 3380, 3381.)

HELENA TO SPOKANE.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Knox, I am going to call your attention particularly to Mr. Pettibone's testimony. He stated in direct examination that the 60-foot distributing cars are operated west of Helena to Spokane, and because of operating conditions and weather conditions in the wintertime, it made it impracticable to change from 60-foot distributing cars to 30-foot apartment cars at Helena. Will you please state what the facts are about that?

Answer. The facts, as I understand the matter, in relation to those cars, are that when the space basis went into effect, or shortly thereafter, the Northern Pacific began operating 60-foot cars in the thirteenth division in trains 1 and 2 to Butte and in trains 3 and 4 to Helena. At Butte and at Helena, these cars were supplanted by 30-foot apartments, with 30-foot storage. They began operating these 60-foot cars * * * on November 26, 1916. In June, 1917, the company began operating the oversize 60-foot cars through to Spokane in trains 1 and 2 from Butte, but the 60-foot car in trains 3 and 4 was changed to a 30-foot apartment at Helena on September 3, 1918. In the meanwhile, the department had authorized a line of 60-foot cars in trains 3 and 4 between Miles City and Helena, in August, 1917, and between Miles City and Spokane, via Butte, in trains 1 and 2, in the same month, because of rule 22. It made a physical change in the cars in trains 1 and 2 at Butte, but during the winter of 1916-17 and the winter of 1917-18 it made a physical change in these cars from 60 to 30 at Helena in trains 3 and 4. They are now sending the oversize 60-foot car through in trains 3 and 4, not to Spokane, but to Seattle, and the distributing car, which is not oversize, in trains 1 and 2 now changes at Spokane. For a time they sent that through to Seattle. (R. 3685-3687.)

OVERSIZE CARS IN TRAINS 401 AND 402, SEATTLE TO PORTLAND.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Pettibone made a statement as to the necessity of operating oversize cars in trains 401 and 402 between Seattle and Portland.

Answer. The necessity for operating the oversize cars on trains 401 and 402 is apparent only because the company does not happen to have a sufficient supply of 30-foot apartment cars. These oversize cars, by the way, in trains

401 and 402, are 70-foot cars, in which there is a 40-foot mail apartment—a car that is not used in the service. Therefore, they have been on that line since before the space basis went into effect, the same as in trains 401 and 402, and the same as in other trains, but they have not been used generally in the thirteenth division on the various lines of the Northern Pacific. There is no necessity of operating anything but a 30-foot apartment in trains 401 and 402, except that the company wants to make use of these odd size cars. (R. 3687.)

UNWORKED PAPER MAIL TAKEN INTO SPOKANE TERMINAL.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Pettibone also testified as to an order issued by Chief Clerk Fuller in your division, I believe, in relation to the taking of the unworked paper mails in train 3 into the Spokane terminal for distribution. Will you please state what the facts are about that?

Answer. As I recollect it, in Mr. Pettibone's testimony, he stated that an order was placed upon the order book by the chief clerk at Helena for clerks to carry through in train 3 of the Northern Pacific line to Spokane for distribution all unworked paper mails, and stated that it was possible that the order was induced by reason of the desire of the department to conserve space, and that the result of the order was to delay mail.

The order of the chief clerk, in the first place, was in error. As soon as I noted what the chief clerk had said, I called his attention to the same, and had the proper instruction issued, which was to the effect that clerks in train 3 would take to the Spokane terminal undistributed all miscellaneous paper mails, except daily papers originating east of Helena, which is the initial terminal of the run of the clerks, and that these mails should be taken to the Spokane terminal for distribution.

Question. Now, what was the reason for that?

Answer. The reason for that order was not to conserve space, but it was made necessary by the extreme shortage of men in the Northwest. At that time, when this order was issued, practically one-third of the force of clerks in Montana had gone to war, or had taken outside employment because of higher wages. Every extra man that we had in the district had left our service. The mails increased in train 3. There was no way to handle the mails, because we could not get any clerks to put on the train.

Therefore, we took this miscellaneous paper mail, which would least suffer, into the Spokane terminal for distribution, where we were able to employ women, who could not be on the trains. The order had nothing to do with space whatsoever, and does not affect the space payment at all, and there has been no change in the space authorizations by reason of the same on the Northern Pacific lines.

Question. Mr. Pettibone further testified that a daily paper from St. Paul destined for Ritzville, Wash., would go to a Northern Pacific train out of St. Paul, and under the provisions of the order just discussed, or similar orders, would go into the Spokane terminal, involving delay. What are the facts about that?

Answer. Mr. Pettibone is mistaken in that respect. The St. Paul daily papers destined to Ritzville, or any other point in Washington, would go to Great Northern fast mail train 27 in a sack labeled "Washington State daily papers." This sack is distributed by clerks in the fast mail train, made up in a direct, and forwarded at connecting points by first train to destination. There is no delay involved or permitted in relation to daily papers. The matter of space is not involved in this question at all. (R. 3687-3689.)

WITHHOLDING PAPER MAILS FOR DISPATCH OUT OF PORTLAND.

Mr. KNOX testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Pettibone also quoted from an order issued in February, 1917, by Chief Clerk Ott, of the Railway Mail Service at Seattle, in relation to the withholding of paper mails for dispatch on Northern Pacific train 408 out of Portland. What are the facts in regard to that?

Answer. As I recall Mr. Pettibone's testimony in that regard, he stated that the order was issued to save space in train 408, and that the result of the order was to materially delay the mail, stating that a portion of it might be delayed 24 hours. The order was issued in order to save space in train 408, but there was no mail delayed.

The facts in the case are somewhat as follows:

When the space basis was placed in operation, we recommended for authorization in trains 413 and 408, 30-foot apartments in each direction and storage in each direction. The department authorized 60-foot cars in trains 413 and 408. The company had no 60-foot cars to place on the route, and placed 40-foot cars on it, which cars were oper-

ated at the time. In making an investigation of the matter, I discovered that the authorization for train 552, particularly, leaving Portland after train 408, consisting of 7 feet of storage space, was not used to any great extent, only a few sacks of mail being carried there. I also discovered that the department authorized for train 458, leaving Portland at 10 a. m., scarcely contained any mail whatsoever. It was, however, necessary to carry this apartment back to Seattle. I therefore made a recommendation to the department in the case, which reads as follows:

FEBRUARY 9, 1917.

THE GENERAL SUPERINTENDENT, RAILWAY MAIL SERVICE,

Washington, D. C.

Since December the Northern Pacific Railway has been operating in trains 413 and 408, the Seattle & Portland Railway Postoffice, route 171524, a 40-foot mail apartment in a 70-foot car in lieu of the 60-foot distributing car authorized in those trains. When the service on this line was placed on the space basis, recommendation was made for 30 feet of distributing space and 30 feet of storage in train 413, with 30 feet distributing space and 15 feet storage in train 408. In conformity with the rule adopted, where storage space was necessary in both directions in connection with distributing space requested, authorizations were made for 60-foot distributing cars in this set of trains in lieu of the space requested by this division.

It now develops that since the Portland & Ashland train 16 fails to connect with train 408 at Portland—

That train is a through train from the south, from San Francisco. That was connecting with 408 prior to the installation of the space basis, but had its schedule changed at about that time.

—the service may be handled in train 408 in a 30-foot apartment without additional storage space, provided only use is made of the 7-foot closed-pouch space available in train 562, route 171526, leaving Portland at 8.30 a. m., following train 408. Mail for Centralia & Hoquiam points may be held for train 562 at Portland, as well as certain miscellaneous paper mails destined for connections via Seattle that can as easily be made by train 562 as by train 408.

In view of the condition that now prevails, and the further fact that the railroad company is not operating 60-foot cars in these trains, it is recommended that the authorizations be changed to the following, effective March 1:

Train 413, Seattle to Portland, 30-foot apartment twice a week.

Train 413, Seattle to Portland, 30-foot baggage-car space twice a week.

Train 408, Portland to Seattle, 30-foot apartment 7 times a week.

Now, at that time, train 408 left Portland at 7.35 a. m. and arrived at Seattle at 2.20 p. m. Train 562 left Portland at 8.30 a. m. and arrived at Seattle at 3.15 p. m. Train 458 left Portland at 10 a. m. and arrived at Seattle at 4.15 p. m. Now, the mail that was going forward in

this storage space in train 408 was held back to train 562 and train 458, thus making it practicable for me to recommend a reduction in authorization to 30 feet, which was my original recommendation, in distributing space. The mail was not delayed, inasmuch as we sent on train 562 mail for the Centralia & Hoquiam branch, with which train 562 connected. Mails held back for train 458 included only such mails for connecting lines as train 458 connected, as well as train 408. If there were any mails that could not go on Train 562, they were held for train 458, which made every connection, except two, out of Seattle, which were made by train 408. There were no mails held back that would be delayed in the slightest. The change was made merely in the interest of handling the service in a proper and economical manner, from our standpoint. (R. 3689-3693.)

DIVERSIONS OF MAIL TO OTHER LINES WHERE SPACE WAS AVAILABLE AND PAID FOR.

Mr. SEARLE testified on cross-examination as follows:

Question (by Mr. STEWART). You spoke of certain diversions from some of your trains to the trains of other companies. Were not those diversions diversions of mail to other lines where space was available for carrying those mails?

Answer. Undoubtedly. There would be no other reason.

Question. Exactly; and the department is paying for that space on other lines?

Answer. That is the reason the change was made, in order to avoid additional space on other trains. (R. 2128.)

INFERENCES DRAWN FROM RAILROAD EXHIBITS UNSOUND.

OBJECTION ON THE PART OF THE POST OFFICE DEPARTMENT TO ALL EVIDENCE AS TO INCREASES IN RAILROAD WAGES AND EXPENSES SUBSEQUENT TO THE STATISTICAL PERIOD.

Mr. STEWART. At this point, Mr. Examiner, I would like to enter objection, so far as it may be considered in this case, as to all the data concerning wages and expenses subsequent to the statistical period.

Attorney Examiner BROWN. It is understood that your objection goes to all that testimony. (R. 1391.)

RAILROAD EXHIBIT NO. 47.—DOES NOT SHOW OPERATING RATIO FOR PASSENGER SERVICE; DOES NOT SHOW RATIOS BETWEEN REVENUE AND EXPENSE FOR ANY SERVICE MENTIONED, INCLUDING MAIL; DOES NOT SHOW THAT THE MAILS PARTICIPATED IN THE SAME DEGREE AS PASSENGER IN ALL INCREASED EXPENSES.

Mr. WORTHINGTON testified on cross-examination as follows:

Answer. It was my conclusion that the increase in the railway mail pay was insufficient to compensate for the increased services rendered.

Question (by Mr. STEWART). Now in what manner does your exhibit lead to such a conclusion?

Answer. The exhibit shows, as I explained yesterday, that the railway mail pay was the only element of railway transportation which has not shown a decided growth in the aggregate since 1900, all other classes having grown quite materially as to gross revenue, those increases in revenue being necessary to meet the increases in railway operating expenses, which are shown on the same chart, the relative figure for operating expense in 1900-1918 being as 100 to 357, the railway mail pay as 100 to 142. The chart does not show the work done for carrying the mails, but the increase in ton mileage was 202.91 per cent compared with an increase in revenue of 42 per cent.

Question. Is it not true, however, that before you can draw any conclusion such as you have stated, you must first show the ratio between revenue and cost for any class of service, taking, for instance, as illustrative, the Railway Mail Service?

Answer. It would be desirable, if it were possible, to show the ratios of revenue to cost for all those various classes of service for the years in this chart; but that is absolutely impossible, and it is so obviously impossible that I did not attempt to show it. I showed on another exhibit that the passenger train operating expense per mile had increased very largely from 1900 to 1918, and as the mails are carried on practically every passenger train, I think it is a fair assumption that their revenues should have gone up proportionately to the other passenger traffic revenues to pay the increased expenses for operating the passenger trains.

Question. Then it would follow from your statement that the mails must participate in the same degree in all your increasing expenses as your passenger service?

Answer. I think all classes of railway revenue should participate in paying the increased expenses.

Question. In the same ratio?

Answer. As to the same ratio, if the ratio of service rendered on the passenger train was exactly the same in one period as another, I should say in exactly the same ratio, and it is evident that that is true as to the mail, because the mail ton mileage increased 202 per cent; the passengers carried 1 mile increased 190 per cent, or almost exactly the same ratio.

Question. But there is nothing in this case or in the record anywhere that would justify the conclusion that the expenses, passenger expenses, for instance, and the cost of passenger operation, building of great terminals, such as are found in New York, Chicago, and St. Louis, would make a charge to the mails in the same degree that they do against the passenger service.

Answer. The building of the large terminals you refer to does materially increase the amount of money needed for return on investment, but it does not increase to any large extent the railway operating expenses in the passenger service. * * *

Question. However, your statement does not even show the operating ratio for the passenger service alone. Your figures are related to the entire service, including the freight.

Answer. Because the passenger expenses have not been separately allocated from the freight expenses for the past years. That can only be done by some special study such as has been made in this case.

Question. So that as a matter of fact your charge is lacking with respect to these ratios and with respect to the ratios between revenue and expense for every service concerned in this inquiry?

Answer. Of course it is lacking in that respect. It shows the only available information from the statistics of the Interstate Commerce Commission. (R. 1578-1582.)

RAILROAD EXHIBIT NO. 48.—THERE IS NO NECESSARY RELATION BETWEEN THE EXPENDITURES FOR THE TRANSPORTATION OF THE MAILS ON RAILROADS AND EXPENDITURES FOR OTHER POSTAL FUNCTIONS.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Now, referring to your Exhibit 48. This represents the postal receipts and expenditures from 1900 to 1918, inclusive. You have there

columns representing total revenues, payments to the railroads, and payments made by the Post Office Department for the conduct of the several branches of the service, such as post offices, rural delivery, Railway Mail Service, and other expenses, total excluding payments to railroads, then you have percentages stated on the right.

Answer. Yes, sir.

Question. Now, in describing this exhibit—and I mention this because I am somewhat at a loss to know why it is introduced, and want to get your reason for it—you said that the amount of postal revenues stated thereon shows the ability of the Post Office Department to pay the railroads more for the mail service; that is, the amount stated in this second column. Now, inasmuch as all the remaining revenues substantially are paid out to maintain other postal functions that are indicated on this exhibit, will you please state how the ability to pay the railroads is shown thereon?

Answer. It did not seem quite logical to me why that policy should be observed that the railway mail payments should suffer to the benefit of the other expenses. In other words, this exhibit shows that the postal revenues, which themselves are dependent on the weight carried and on the weight carried by the railroads themselves over the distance having shown a very large increase, and the payments made to the railroads a very small increase, it seemed to follow that the revenues were adequate to properly compensate the roads in accordance with the tonnage which they did handle, as it appears at the beginning of the period, 36 per cent of those revenues were being paid to the railroads for transportation, and at the conclusion of the period, 16 per cent.

Question. Well, that is just a statement of your examination in chief. I will put the question, for instance, in this way, if you think that some of these other facilities should be curtailed to the people, and if so, which one of them, for instance? The rural delivery? You mentioned the rural delivery particularly.

Answer. I simply mention the rural delivery for the purpose of comparison to indicate that for that service alone, which does not seem as great a service as what the railroads perform in carrying the mails all over the United States, the aggregate payments are now almost as large as the aggregate payments made to the railroads for their transportation, and in both cases being a transportation payment. A rural delivery payment is also a payment for transportation, and a payment to the railroad is for transportation. Whether the postal revenues are adequate to pay these other expenses or not, they certainly appear

adequate, so far as their increase is concerned, to pay the railroads proportionately to their services as expressed by the ton-mileage carried.

Question. Assuming that you are going to take this gross amount and divide among the units of service performed for the Post Office Department, your idea is that the railroads should receive more of it and some of these other services should receive less?

Answer. Not at all, Mr. Stewart. I have not any such idea as that. I do not want to limit the department in their payments for the other expenses, but I do think that they should be as liberal to the railroads in viewing this matter as they have been to their other services.

Question. What necessary relation is there between expenditures for transportation on the railroads, transportation of the mails, and expenditures for the other functions mentioned on this sheet?

Answer. I don't think there is any relation particularly between the service as rendered by the roads. I prepared this chart to show how the payments to the railroads had not increased as had the other expenses and as had the revenues.

Question. Precisely, but you draw a certain conclusion from that, at least by inference, and now I am asking you to justify your conclusion, and you can not, for instance, take the payments to the railroads and the payments for maintaining the service in the post offices; there is no possible relation between them.

Answer. I did not claim there was.

Question. Nor is there between that and the rural delivery?

Answer. I did not make any such claim.

Question. There might be a slight relation between the payments to railroads and the payments for maintaining the Railway Mail Service, but I call your attention to this fact and ask you if it is not true that while the payments to the railroads decreased from 36 to 15, the payments to maintain the Railway Mail Service decreased from 864 to 836, almost constant during that whole period. Is that not true?

Answer. They remained reasonably constant. The percentage paid to the railroads did not remain reasonably constant. That was cut in two.

Question. You understand the Railway Mail Service would not increase and decrease in the exact ratio that the expenditures would increase or decrease for railway mail

pay, because the function of the Railway Mail Service is to distribute the mails on the trains and not to carry the mails?

Answer. Might I ask a question, Mr. Stewart? Am I correct, that part of the increase in the payments for Railway Mail Service have been due to increased wages, in this item, here, which increased from \$8,000,000 to \$28,000,000?

Question. In recent years.

Answer. Well, we have the same thing to contend with. Our wages are going up. The other men on the train are being paid more.

Question. Notwithstanding that fact, you notice that the ratio has continued almost constant, notwithstanding the fact that the department has been compelled to pay very largely increased salaries to railway postal clerks.

Answer. If our ratio of payments had remained constant as had the payments to the Railway Mail Service we would have been more than satisfied. If we had also received the same constant ratio and earned 36 per cent of the pay in 1918 as we did in 1900 we would have received over \$100,000,000 for carrying the mail in place of \$56,000,000.

Question. But that does not take into consideration the other side of the ratio, the effect that has on the cost to perform the service.

Now, let me call your attention to the fact, passing along over these special cases, we have here the ratio expressed covering all other expenditures, in your next to the last column there, and your ratios there, your per cent in 1900 is 9.72, and it dropped to 7.01 in 1918.

Answer. I don't know what those other expenses are. They cover a multitude of things. But it would be quite natural that with a very large growth in revenue a good many of those expenses ought to be reasonably constant, so that they would not increase in the same degree as the volume of business. I do not know what those items are, but I do not think that is a material point in this consideration of this chart. You may think it is.

Question. I think all those are material. You have put them up on your chart, and you drew certain conclusions from your chart, and I am trying to find out whether there is anything on your chart that sustains your conclusion now.

Answer. I think there is. (R. 1582-1587.)

RAILROAD EXHIBIT NO. 48.—POSTAL REQUIREMENTS FOR TRANSPORTATION DO NOT INCREASE IN THE RATIO OF INCREASE IN POSTAL REVENUES; THE FAULTY CONCLUSIONS FROM THE EXHIBIT.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). * * * Let me ask you whether you can tell me what mails produce the bulk of the postal revenues—what class of mails.

Answer. In proportion to volume, the first-class mail. I don't know the distribution of the revenue in the aggregate, but that is probably true as to the aggregate. You can make that statement better than I can.

Question. First-class mail?

Answer. First class.

Question. Now, what necessary relation, if it be your contention that there is any, is there between the amount of postal revenues and the amount of payments that should be made to the railroad companies for transporting the mails?

Answer. It is my understanding that the postal revenues increase in proportion to the weights carried, as postage is upon a weight basis. I think all classes of postage are upon a weight basis. I have shown in another part of my statement that the mails, as expressed by ton mileage in volume handled by the railroads, increased 203 per cent.

Question. Then having received 36 per cent of the revenues in 1900, you should now receive 36 per cent of the revenues in 1918?

Answer. I have not made that contention as to being the exact amount we should receive in 1918, but exhibits have been presented indicating that we ought to receive something in the neighborhood of \$95,000,000, or \$100,000,000, I believe.

Question. On other bases?

Answer. Yes.

Question. I am speaking now of your exhibit. Now, inasmuch as the bulk of the revenue is derived from first-class mail, let me ask you what is the relation of the weight or bulk of that mail to the whole weight or bulk of all the mails?

Answer. As I stated yesterday the percentage of first-class mail was a very small part of the total weight of the mail.

Question. Then in so far as the increase in weight or bulk of first-class mail to be carried on the railroads

necessarily increased any railroad service and pay, it would be much less an increase in proportion than the increase in revenues derived?

Answer. That is not necessarily so, Mr. Stewart, because while that mail represents only a small part of the tonnage carried by the roads, it represents quite a large part of the work done by the carriers, particularly in the distributing cars.

* * * * *

Question. For a starting point, then, we will assume your date of 1900, and we will assume—and no doubt it will be conceded to be true—that the facilities in postal cars for distributing the first-class mail were adequate at that time. Now, you would have admitted that the increase in the weight of first-class mail which would accrue between 1900 and 1918 would be a very small proportion of the total weight of the mails * * * but does that increase, Mr. Worthington, that must be provided for by this added facility in the distribution car—would not that increase in the facility be proportionately small as the weight of the mail first class is proportionately small?

Answer. I should not think so, Mr. Stewart. If the percentage or rate of increase in first-class mail happened, for example, to be the same as the percentage of increase of other mail, naturally the percentage of increase in the distributing facility ought to be of the same ratio as the percentage of increase of other facilities. Without any knowledge whatever as to the distribution of mail between the various classes, it would be impossible to answer a question of that kind exactly. (R. 1587-1590.)

Question. Now, let me ask you what class of mail matter produces the next greatest part of the postal revenues.

Answer. I don't know, Mr. Stewart. Possibly you can give that information.

Question. Well, I think we might agree that it is parcel post.

Answer. That is probably true.

Question. Now, in all your testimony you have assumed that the entire weight of parcel post is carried on the railroads, have you not?

Answer. If I have made that assumption, it is probable—I don't think I have made that assumption. I don't think I have made any statement of that kind. I think I stated that the total weight of parcels handled, as shown by the reports of the Postmaster General, are a certain figure. If I did make the assumption that all of that was handled

on the railroads, I was incorrect; but undoubtedly, an extremely large percentage of it was handled on the railroads. Naturally there would be some parcels that would be handled within the limits of large cities. Unquestionably there are a great many of them.

* * * * *

Question. Now, you know, however—referring to my question again—that the mail-order houses ship their stuff, which afterwards becomes parcel post, by express and freight for long distances to points where it then goes into the mails and is transported by short hauls.

Answer. I have heard that statement. I don't know anything about it.

Question. Well, it is quite common knowledge, is it not, so far as your information goes?

Answer. I have heard those statements, Mr. Stewart; yes.

Question. Referring to your desire to know the amount of parcel post which reaches the railroads—and I will say that it is a question which has interested many—do you recall that after the passage of the parcel post act, Congress called for certain information with respect to that same subject, and passed an act authorizing the department to add not exceeding 5 per cent of the compensation of the railroads to their pay to cover the increase in the weight occasioned by the introduction of the Parcel Post System?

Answer. I remember that particularly because of the words "not exceeding."

Question. And the construction put upon those words by the department, I presume?

Answer. Yes.

Question. Well, as a matter of fact, Mr. Worthington, the department actually obtained (*R. offered, sic.*) statistics on the railroad lines on that occasion, did they not, and they found that the actual weight did not justify the allowance of that full 5 per cent, and in many cases they followed out the direction of Congress conveyed in those words "not exceeding" and did not allow the full 5 per cent?

Answer. Am I right, Mr. Stewart, in my thought that was quite a while ago? Do you remember the date, as to the year?

Question. That was about 1913, I think; the first act.

Answer. Well, has not the volume of parcel post increased tremendously since that time? The reports of the Postmaster General indicate it has.

Question. It has. Now I am reaching that.

Answer. That law was March 4, 1913.

Question. The Postmaster General afterwards increased the weight limit and the same question came up again.

Answer. Yes.

Question. Whether the railroads were adequately compensated for this increase of weight of the new parcel post arising out of that order, which reached the railroads, and was carried thereon, and do you know that an investigation was made and that the results of the same were submitted to Congress, and that Congress authorized the addition of one-half of 1 per cent compensation to the railroads to compensate them for that increase in weight?

Answer. Yes; I think that was also some years ago.

Mr. WOOD. Are you going to supply the basic figures, Mr. Stewart, and allow us to cross-examine?

Mr. STEWART. Well, if we can furnish you any information that will be helpful, we will be glad to do it. Those figures are all in the department, and the results of those figures have been before Congress, and have resulted in legislation, and I assume that it is practically a closed matter. I will be glad to furnish you with the information.

Answer. Well, is it not true, Mr. Stewart, that there is a great volume of parcel post handled on the railroads?

Question (by Mr. STEWART). There is a great deal handled on the railroads, but I am calling these facts to your attention to indicate that notwithstanding the great volume of increase, the great increase of the volume of parcel post, comparatively a small amount of it reaches the railroads, and produces what is known as an average daily weight over the entire lines. There is the fact out of which all the difficulty in estimating the effect upon the railroad pay has arisen. It is not taking into consideration the haul of this stuff before it reaches the railroad.

Mr. WOOD. Mr. Examiner, I think I must object to Mr. Stewart's constant habit of testifying as to facts in his questions. If those are facts, it seems to me they ought to be established by witnesses here who may be subject to cross-examination.

Attorney Examiner BROWN. The objection is well taken. Mr. Stewart will, so far as possible, desist from testifying, if he has been doing it.

* * * * *

Answer. I stated that yesterday, that the volume of parcel post was 1,000,000 tons or 2,000,000,000 pounds, as shown in the annual report of the Postmaster General for 1918.

Question (by Mr. STEWART). And the purpose of my inquiry was to elicit if you knew what proportion of that went to the railroads and is carried upon them, and how it affects the railway-mail pay. All the statements I have made in regard to my questions I think were largely con-

fined to facts that are matters of public record. Any statement I have made outside of matters of public record I will be glad to produce evidence on. (R. 1591-1597.)

Now, let me call your attention to the next class of mail that produces large tonnage, and that is second class, and you have referred to that.

Answer. I have referred to the volume of second-class matter as being, as I recall, 1,320,000,000 (R. 1,320,000 *sic.*) pounds. * * *

Question. The revenue from that is very small compared with the revenue for weight of other classes, is it not? This is 1 cent a pound, if I may be allowed to state.

Answer. I know the railroad revenue from it is very small.

Question. * * * we are discussing here your second column, postal receipts.

* * * * *

Question. I will ask you the same question I did about first-class matter, that the facilities for caring for the distribution of second-class matter, so far as it is distributed on the cars, were practically provided for, at least to the extent of caring for the service, with the beginning of your table here, so that the additions to the weight of second-class matter, in so far as that second-class matter is distributed in the distributing car, would require only slight additions to those facilities?

Answer. I can not agree to that, Mr. Stewart, because I am not familiar or I don't think there is any record of the average tonnage per car in 1900. * * * (R. 1597-1600.)

RAILROAD EXHIBIT NO. 49.—THE RAILROAD TESTIMONY AS TO RATES BEING NOT EXCESSIVE IN 1898 WAS PREDICATED ON THE WOLCOTT COMMISSION REPORT AND ENTIRELY OMITTED MENTION OF THE PENROSE-OVERSTREET COMMISSION, 17 YEARS LATER, RECOMMENDING CERTAIN REDUCTION ACTED UPON BY CONGRESS.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Referring now to your Exhibit No. 49, the graphic illustration of the trend of postal receipts and expenditures and percentage of total postal receipts paid to railroads—and in that connection you quoted from, I think, the Wolcott commission. You said that in 1873 the ton-mile rate was stated to have been 26.42 cents, and then your figures were given for 1880 and

1890 and 1898. In that last instance it was given as 12.57 cents. Those were very high ton rates, were they not?

Answer. Not for the service rendered, Mr. Stewart, and considering a ton-mile rate applied to the mail I think consideration should always be given to the presence of the duty upon the carrier of transporting a traveling post office which carries very little weight and where the loading capacity of the car is extremely limited. So I would not regard those ton-mile rates as high when that factor is taken into consideration.

Question. They were produced by a sliding scale fixed under the weight statute, were they not?

Answer. Yes, sir.

* * * * *

Question. Now, having mentioned the Wolcott commission's conclusion or recommendation, you knew, did you not, that another congressional commission in 1907, seventeen years after that, stated a conclusion which was directly the opposite?

Answer. What congressional commission do you refer to?

Answer (by Mr. STEWART). The commission on the recommendation of which the statute of 1907 was passed reducing the rate.

* * * * *

The WITNESS. I am not familiar with any report of the Penrose commission about 1907. It seems to have escaped my attention absolutely.

Question (by Mr. STEWART). Well, you don't know that fact?

Answer. No; I don't.

Question. That it was upon the recommendation of that commission that the statute was passed—the statute of 1907?

Answer. What statute do you refer to?

Question. Reducing the rates to railroad companies carrying over 48,000 pounds average daily weight.

Answer. Oh, you are not speaking now of this last space basis?

Question. No.

Answer. You mean the percentage reduction of 1907. I do know those reductions were made, but I am not familiar with the circumstances surrounding it. I think they were very unfortunate, however. (R. 1600-1603.)

RAILROAD EXHIBIT NO. 52.—THE RAILROADS ALWAYS RECEIVED THE MAXIMUM RATE OF PAY FOR MAILS PROVIDED BY STATUTE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Referring now, to your line indicating receipts for the carriage of mail, notwithstanding all those changes in your line, it is true, is it not, that the companies receive the maximum unit rate for the authorized service, authorized maximum unit rate provided by the statute——

* * * * *

Answer. Well, we did receive the maximum rates for the minimum load. I will admit that. I mean the maximum rate for the maximum load. I should say we had also the minimum rate. Also, the minimum rate for the maximum load.

Question. I understand that. We differ, of course, on the question of adequacy.

Answer. Yes; there is not much use of discussing it. (R. 1605, 1606.)

RAILROAD EXHIBIT NO. 55.—FIGURES STATED AS TO PAY ON BASIS OF APRIL, 1917, WEIGHING, DO NOT REPRESENT ACTUAL READJUSTMENT.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Now, referring to your Exhibit 55, there is only one point there I think should be cleared up in your testimony, not admitting, however, your conclusions by stating that. Refer to your column headed "Annual pay on basis of weighing, April, 1917." I think I understood you to state that that does not represent any adjustment which was made at all upon those weights, but represents only the amount which would have been received if adjustment had been made at the maximum rates.

Answer. That is true, Mr. Stewart, because the weight basis was not in effect. (R. 1606, 1607.)

RAILROAD EXHIBIT NO. 4.—MR. WETTLING'S PER CENT INCREASE IN OPERATING COSTS 1918 OVER 1917, ALTHOUGH BEING A PER CENT REPRESENTING TOTAL AGGREGATE INCREASE FOR BOTH FREIGHT AND PASSENGER SERVICE, IS APPLIED TO ESTIMATED COST OF MAIL CAR-MILE, NOTWITHSTANDING ALSO THE FACT THAT MANY PASSENGER TRAINS WERE ABANDONED DURING 1918.

Mr. WETTLING testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Well, you took into no account, of course, or you did not make the division that in the fall of 1918 and during the year 1918 there was considerable abandonment of passenger service throughout the country?

Answer. No, sir; I did not. I just took the average train-mile costs for the entire country as a whole.

Question. And there was a large abandonment?

Answer. Oh, yes. (R. 1060.).

REVENUE AND COST STATISTICS.

OPERATING REVENUES, OPERATING EXPENSES, OTHER EXPENDITURES OUT OF OPERATING REVENUES, AND NET INCOME (FOR THE MONTH OF APRIL, 1917) FOR PASSENGER, EXPRESS, AND MAIL.

POST OFFICE DEPARTMENT EXHIBIT 66 (FOR ALL CARRIERS FOR WHICH NECESSARY DATA WAS SECURED) AND EXHIBIT 67 (FOR ALL CLASS I CARRIERS FOR WHICH THE NECESSARY DATA WAS SECURED).

Mr. PRENTISS, an accountant of the Post Office Department, testified on direct examination as follows:

Question (by Mr. STEWART). Mr. Prentiss, I call your attention to Post Office Department Exhibits Nos. 66 and 67, being recapitulations (*R. regulations, sic.*) of certain statistical facts evidenced upon the financial reports made by the railroad companies and certain statistical deductions made by the department thereon. Did you have supervision of the handling of these financial reports made by the railroad companies upon which these two exhibits are based?

Answer. I did. (R. 542, 543.)

**REPORTS COMPARED WITH REPORTS TO INTERSTATE
COMMERCE COMMISSION.**

Question. Will you go over briefly the subject, detailing or describing the manner in which those reports were handled, mentioning the instructions issued by the department in connection therewith?

Answer. The information submitted by the carriers on Forms R. M. P. 50 to 55, inclusive, for the month of April, 1917—

Question. Let me ask you right there, Mr. Prentiss, whether those forms have been submitted; included in an exhibit?

Answer. They are included in department's Exhibit No. 27, giving all the forms that were sent to and with which the carriers are more or less familiar.

Question. Go ahead.

Answer. These statistics were for the month of April, 1917, and they were compared by taking transcripts from the reports to the Interstate Commerce Commission for the same month, and any differences between the reports on Forms 50 and 51, containing these Interstate Commerce Commission figures, and the reports to the commission, were reconciled by correspondence with the carriers. (R. 543.)

THE DIRECTLY ALLOCATED AMOUNTS.

The directly allocated amounts on Forms 50 to 52, in columns 4 and 5, the directly allocated expenses provided by the commission's separation to freight and passenger, respectively, were taken as reported by the carriers, or, in a few cases, modified by them through correspondence with the department. The directly allocated amounts in columns 4, 5, and 6 for the passenger, express, and mail services on Forms 54, series 54 A to D, inclusive, were taken as reported by the carriers, with a few exceptions, the principal changes being those adjustments made to conform to the treatment of the items by the committee representing the railroads and the department's opinion in regard to certain accounts. (R. 543, 544.)

**EXAMINATION OF STATEMENT OF REVENUES AND SEPA-
RATION OF OPERATING EXPENSES.**

A careful examination was made of the revenues and of the separation of operating expenses in accordance with Letter of Instruction No. 504 sent to the carriers under date of August 5, 1918, in order to bring them into accord with this letter.

* * * * *

The WITNESS. In addition to the audit in regard to Letter 504, there was made an examination—a test, as it were—for accuracy of certain of the primary accounts as divided under the rules of the Interstate Commerce Commission for separation of operating expenses between freight and passenger service. That is embraced in columns 6 and 7 on Forms 50 and 51. In some cases the application of this test produced considerable differences in the results, which were brought to the attention of the companies, with a request that an explanation be made, and in case the results did not differ materially from the amounts reported by the carrier, or in case the company furnished a suitable explanation, the data was accepted without change.

Question (by Attorney Examiner BROWN). Now, let me understand this: In the division of this passenger, freight, mail, and express, have the department and the railroads reached an agreement upon the basis?

Answer. Practically.

Question. Practically?

Answer. We differ in regard to some few of the primary accounts.

Mr. STEWART. Mr. Examiner, we endeavored to reach an agreement with reference to the handling of these reports which would enable us to come before the commission with a result which would remove from controversy, as to its accuracy, substantially reserving to each side the right to submit to the commission their own theories with reference to the handling of individual accounts. Is that correct. Mr. Wood?

Mr. WOOD. That is correct, sir. (R. 544-546.)

ATTEMPT ON THE PART OF THE DEPARTMENT IN CO-OPERATION WITH THE RAILROADS TO REACH AN ASCERTAINMENT AS TO THE COST OF MAIL SERVICE.

Question (by Attorney Examiner BROWN). Then the sum and substance of these Exhibits Nos. 66 and 67 is an attempt upon the part of the Post Office Department, in cooperation with the railroads, to reach a determination as to the cost of mail service. Is that right?

Mr. STEWART. As to the statistical ascertainment of such cost.

Attorney Examiner BROWN. Yes.

Mr. STEWART. Of course, we may wish to suggest to the commission that certain statistical ascertainments might not fairly represent cost in all cases, but for the practical purposes referred to by you, I think that is correct.

Mr. WOOD. Well, at least, this is correct, Mr. Stewart, that they represent an attempt to put up what may be regarded as the primary statistics relative to the cost of the two classes of service on a uniform basis, with, as Mr. Stewart has said, the right reserved to either side to claim that the basis of distribution employed in those uniform statistics was improper, with respect to certain accounts. In other words, I do not understand that the Post Office Department is concluded by the statistical study, nor that the railroad companies are, as to the use of all the figures that were employed in getting at the uniform statistics.

Mr. STEWART. I think that is substantially correct. (R. 546, 547.)

AMOUNT OF OPERATING EXPENSES SEPARATED TO PASSENGER FOR CLASS I CARRIERS.

The WITNESS. The separation of the operating expenses for class 1 carriers between passenger and freight service is shown on recapitulation No. 67, at column 6, for item 11, the amount of \$52,293,015.71. That amount is comparable with the amount which has been furnished in advance by the carriers to the department, and including a figure of \$50,756 to this total which I have just read, there is a difference of only \$12,390 between the department and the railroads in regard to the passenger operating expenses, which is less than .03 of 1 per cent. (R. 547.)

DEVIATIONS FROM INSTRUCTIONS.

Attention should be called, however, to some deviations from the instructions in submitting these reports, which the department was not able to eliminate because of the manner in which the statistics were furnished by the railroad companies.

A case in point was the Ann Arbor Railroad Co., which separated the maintenance of way and structure costs by the use of locomotive ton-mileage. They practically separated the whole amount on locomotive ton-mileage and placed the total in columns 6 and 7, contrary to the instructions of letter 504. It was impossible, of course, for the department to change those. They could handle one or two of the accounts, where the percentages were obtainable; but otherwise they had to take that, and that is included in the statistics, the additional charge to passenger service.

The Alabama Great Southern used ratios for passenger and freight separations for yard expenses over 100 per cent higher than their ratio for locomotive switching miles, as shown on Form 53. A large number of reports

were defective in this respect. A very casual examination of the reports proved that the carriers used some other percentage than the percentage of locomotive switching miles for the month of April; and it was presumed that they used the annual switching miles, which are recommended by the commission to be used in their rules and of course might or might not be applicable to the month of April.

In nearly every case of this kind the passenger charges were increased by the use of a higher percentage to passenger.

The Delaware & Hudson Co. used train-mileage ratios for dividing the yard expenses. These produced results entirely out of harmony with the cost of the yard operations for freight and passenger service. They had no locomotive switching miles on Form 53, and I understand the department took the matter up with the company, and we have heard nothing from them in regard to it; so I suppose they were not able to furnish any further information.

The New York Central Railroad Co. reported the operating expenses according to previous practice, which differed from the rules of the Interstate Commerce Commission providing for freight and passenger separations. It was impossible to verify these results. The figure was very large, and it would take an examination of the actual accounts themselves to determine what the difference might be.

The Pennsylvania lines west, in submitting reports on Forms 54 A to D, which give the allocations for passenger, express, and mail services, made apportionments instead of allocations, based on measurements of space occupied for station and joint facilities maintenance expenses, and when the department asked them for an explanation, they stated that the method was one which was executed by their officers in the field, according to certain rules, but that they could not submit the actual figures for verification. They also used time studies for apportionment of accounts for station employees and station supplies and expenses on the same form. Excessive mail charges were produced, due in a measure to the method of apportionment, which ignored all the unoccupied time and charged to mail service approximately 30 per cent of their passenger-operating expenses for the allocated account.

The Pennsylvania Railroad Co. apportioned to passenger service for account No. 373 (station employees) an amount which exceeded by approximately \$35,000 the amount called for by the rule of the commission, and this was

practically 100 per cent of the amount which the rule of the commission would have produced. It was explained by the company that this was due to accounting by divisions.

Now, these differences to which I have called attention have not been corrected. It is impossible to correct them, and we had to take the figures as they stand on the reports.

In handling the Class II and Class III, the carriers' reports, only those reports were taken in which an attempt was made to render the reports in accordance with the Letter of Instruction No. 504, and for which the space ratios secured from the results on Forms R. M. P. Nos. 1 to 4 were included in the department's recapitulations on Forms 70 and 71. (R. 547-550.)

Question (by Mr. Wood). Well, do you regard it as a serious matter, affecting the value of these statistics that you have offered here?

Answer. Not at all. I simply place them in evidence as showing that there is in our total figure for the passenger-operating expenses an item for these roads representing additional expenditures. (R. 584.)

WORKING SHEET.

In Post Office Department Exhibit No. 27 there is included the working sheet (Form R. M. P. 56), which was the statement by means of which the department produced results found in plans Nos. 1 and 2. It was a working form, gathering together the statistics on Forms 50, 51, and 54, and in such shape that they could be put onto Forms 70 and 71, Exhibits 66 and 67.

RECAPITULATION OF FORM 70 (SECOND PART OF EACH POST OFFICE DEPARTMENT EXHIBITS 66 AND 67).

Form R. M. P. No. 70, which we have here as the second part of each of these exhibits, gives the car-miles and car-foot miles at the head of the sheet, as recapitulated on Form 301, Post Office Department Exhibit No. 36, and below this are the revenues and expenses for the month of April, together with the investment in property reported to the commission for the year ending December 31, 1916. That is at the bottom of the sheet. (R. 550, 551.)

* * * * *

Form 71 is practically taken from Form 70; so that if we describe Form 70 it will also describe Form 71. (R. 551.)

(A) CAR-MILES; ITEMS 1 TO 3.

The car-miles entered for item No. 1 were obtained, as explained in Post Office Department Exhibit No. 64, apportionment of car-miles in mixed cars and the ascer-

tainment of total car-miles in each class of service for department plans Nos. 1 and 2. (R. 551.)

The entries for item No. 2 on Form 70 are six-sevenths of the car-miles entered for item No. 1; that is, the period of April to correspond with the statistics for the month of April. We took six-sevenths of the car-miles for the period from March 27 to April 30.

There were exceptions to this rule for the St. Louis & San Francisco Railroad, the St. Louis, San Francisco & Texas Railway Co., the Fort Worth & Rio Grande Railway Co., and the Brownwood North & South Railway Co. These companies rendered passenger-train reports for the month of April only, and consequently it was not necessary to take the six-sevenths.

The car-miles for freight and passenger services entered for item No. 3 were tabulated from the reports of the carriers rendered on Form 53, as explained in Letter of Instruction No. 504, furnished to the interested companies on August 5, 1918. (R. 551, 552.)

(B) CAR-FOOT MILES; ITEMS 4 AND 5, AND PER CENTS.

The car-foot miles entered for item No. 4 were obtained from the reports of the several carriers on Forms R. M. P. Nos. 1 to 4, inclusive, and recapitulated on Form R. M. P. No. 301, the unauthorized and unused space assignment having been made as explained in Post Office Department Exhibit No. 65, setting forth the manner of assigning and apportioning the unauthorized and unused space tabulated on Form R. M. P. No. 301.

The entries for item No. 5 are six-sevenths of the car-foot mile entries shown for item No. 4, with the exception of the several companies hereinbefore named.

The percentages shown in columns 9, 11, and 13 for plans Nos. 1 and 2 on Form 70 were obtained by dividing the total car-foot miles for each class of service by the total car-foot miles for all classes reported in the passenger trains of each carrier rendering a separate financial report.

The ratios for the several classes of service thus percentaged were used to apportion to passenger, express, and mail services the unallocated passenger train expenses reported on Form R. M. P. No. 54, as explained hereinafter, and also for the apportionment of unallocated amounts for passenger equipment property investment, the equipment apportionment being explained hereinafter. (R. 552, 553.)

(C) INCOME ACCOUNT; ITEMS 7 TO 20.

The income accounts, items No. 7 to No. 20, inclusive, were tabulated from Forms Nos. 50 to 55, inclusive.

The revenues, item No. 7, were obtained from Form R. M. P. No. 50, with adjustments explained in Letter of Instruction No. 504, page 1. In explanation of the several amounts entered in column 14, Form R. M. P. No. 70, and column 12 on Forms R. M. P. No. 50 and No. 51, it was provided that the revenues and expenses for water-line transportation, the commercial operations of the carriers which were not involved in railroad transportation, and such other amounts as covered expenses necessary in connection with this case, should be considered as unrelated to this inquiry, in order to furnish a uniform basis for handling the accounts. (R. 553.)

OPERATING EXPENSES; ITEMS 8 TO 11. RAILWAY TAX ACCRUALS, ETC., AND OTHER INCOME ACCOUNTS AND DEDUCTIONS THEREFROM.

The entries for items Nos. 8, 9, 10, and 11, covering operating expenses on Form R. M. P. No. 70, and taken from Forms R. M. P. No. 51a to 51d—the entries for those items in column 3, Form 70, are those reported by the carriers to the Interstate Commerce Commission for the month of April, 1917, with few exceptions, due to the changes made necessary by the adjustment of charges under the Adamson law, as provided in Letter of Instruction No. 504.

The entries in columns 4 and 6, on Form No. 70, were obtained from Forms R. M. P. Nos. 51 A to D, inclusive, as follows:

The amounts entered for item No. 8, Form 70, are the totals of columns 4 and 5 on Form No. 51, giving direct allocations to freight and passenger services as reported by the carriers.

The entries for items No. 9 in columns 4 and 6, Form 70, are the totals for columns 6 and 7 on Form R. M. P. No. 51 giving the apportionments to freight and passenger services in accordance with the rules of the Interstate Commerce Commission, governing the separation of the operating expenses between passenger and freight services, effective July 1, 1915.

The entries for item No. 10, in columns 4 and 6, Form 70, are the totals for columns 10 and 11, Form R. M. P. No. 51, giving the total freight and passenger amounts respectively secured in accordance with the Letter of Instruction No. 504, dated August 5, 1918, pages 2 and 3.

The amounts entered for items Nos. 8 and 10 in columns 8, 10, and 12, for plan No. 1 and plan No. 2, were obtained from Form R. M. P. No. 56.

The entries for item No. 8 are the directly allocated amounts for passenger, express, and mail services and are the same for each class of service on both plans. They were reported by the carriers on Forms R. M. P. Nos. 54 A to D, inclusive, with the exception of any allocated amounts for Accounts Nos. 420 (injuries to persons), and 459 (valuation expenses), the former being apportioned in every instance upon uniform ratios agreed upon by the railroads and the department, for the purpose of this inquiry, in order to provide a uniform basis for handling this account.

* * * * *

The WITNESS. Account No. 459 (valuation expenses), was treated as not related for the same reason, and this account eliminated from Form 51, in columns 4, 5, 6, 7, 10, and 11, and entered in column 12, and of course we eliminated it from the passenger charge in column 3 on Form 54.

The WITNESS. * * * It might be explained that the entries for item No. 10, in columns 8, 10, and 12, are the apportioned charges for each class of service. The total in each class is the result of an apportionment for * * * each individual company of the undivided passenger expenses, using the car-foot mile ratios entered at item No. 4, together with any other apportioned results from Accounts Nos. 317, 318, 319, and 420. The Accounts Nos. 317, 318, and 319 were handled in accordance with Letter of Instruction No. 504, and if the company made complete allocations to the passenger, express, and mail, or to any one service, in other words, if the unapportioned or unallocated amount was for mixed cars only, the ratios for mixed car-foot miles were used as the divisor, instead of the total car-foot miles.

The entries for items Nos. 13, 14, and 18, in columns 3, 4, and 6, are the amounts reported by the carriers on Form R. M. P. No. 52.

The amount of Federal income taxes was entered in column 14, Form No. 70, and the total unallocated remainder of amount for item No. 13 was apportioned in ratio with the total operating expenses as separated. The Federal income taxes were deemed to be unrelated to this inquiry.

The uncollectible railway revenues were apportioned by use of the same ratios as for railway tax accruals, and also the balances for equipment and joint facility rents, item No. 18, were treated in the same way. Item No. 16 was considered as not related to the inquiry. That is miscellaneous operating income, covering, as it does, the net return from the miscellaneous operating physical property, which is not directly involved with transportation operations.

The other income amounts and deductions therefrom, item No. 19, were likewise treated as not related, in order to make a comparison of the net transportation income with the investment in the transportation property (road and equipment).

The ratios for the total operating expenses, as given on Form No. 70, item No. 11, columns 9, 11, and 13, were used for the ascertainment of the passenger, express, and mail proportions chargeable under each plan for items 13 and 18. Item No. 14 (uncollectible railway revenues) was treated as exclusively passenger, as will be seen on Form No. 70, on account of the nature of these charges which do not pertain to express or mail services. (R. 553-557.)

(D) CAR-MILE REVENUE, EXPENSE, ETC.

The car-mile revenues, expenses, etc., entered for items Nos. 22 to 28, inclusive, on Form No. 70, are secured by dividing the income account item (items Nos. 7 to 20) for each class of service by the car-miles for that class found at item 3 for columns 3 and 4, and at item 2 for columns 6, 8, 10, and 12. (R. 557, 558.)

(E) CAR-FOOT MILE REVENUE, EXPENSE, ETC.

The car-foot mile revenues, expenses, etc., entered for items Nos. 29 to 35, inclusive, are secured by dividing the income account item (items Nos. 7 to 20) for each class of service by the car-foot miles for that class found at item No. 5. (R. 558.)

(F) INVESTMENT IN PROPERTY.

The investment in road property (item No. 37) was secured from Form General No. 4, furnished by the several carriers, and verified by reference to the annual report of each carrier filed with the commission for December 31, 1916. In case no general form was rendered the investment reported to the commission was used. Where leased lines were involved, it was endeavored to secure the total investment producing revenues reported on Form R. M. P. No. 50. Depreciation, if any, was deducted from the road investment. Many of the carriers were not able to separate road from equipment investment, and therefore the totals given for items Nos. 39-a, 40, and 42 will contain amounts not found in items 37, 38, and 39, but these have been entered in each case at the foot of the form with appropriate notation. (R. 558.)

It was shown that not all the carriers transporting the mails had rendered reports on the forms prepared and that

these were not included in the recapitulation of property investment. (R. 558, 559.)

The witness further testified:

The WITNESS. There were some of the carriers which did not separate the investment in miscellaneous physical property from the transportation property, I. C. C. Account No. 701, investment in road and equipment, and therefore the property investment shown on Form No. 70 is increased by those amounts. It was impossible to make that separation. The road property investment was separated between freight and passenger service by the use of ratios for the operating expenses. A further separation of the passenger road property was secured by use of the ratios for the classes of operating expenses as divided to each class, for item 12, columns 9, 11, and 13. The investment in equipment, items Nos. 38, 39, and 39-b, was reported by the carriers upon Form R. M. P. No. 57. That form is shown in department Exhibit No. 27, and after allocation and apportionment to the several classes of service the results were entered upon Form R. M. P. No. 70. The method of allocation and apportionment used for separating each item of equipment valuation is as follows:

Form R. M. P. No. 57, I. C. C. Account No. 51—Steam locomotives—

Question (By Mr. STEWART). Now, Mr. Prentiss, right there you are referring back to the reports upon Form No. 57?

Answer. Yes, sir.

Question. Which were designed to bring out all these several items of equipment in such a manner as to enable their allocation and apportionment?

Answer. Yes, sir.

Question. For the purposes of this statement, Form No. 70?

Answer. On Form No. 70. (R. 562, 563.)

SEPARATION BETWEEN FREIGHT AND PASSENGER SERVICES AND BETWEEN PASSENGER, EXPRESS, AND MAIL SERVICES OF THE VALUE OF RAILROAD EQUIPMENT.

The WITNESS. For the information of the examiner, I will take up the allocation and apportionment of Form R. M. P. No. 57, which provides for the separation between the freight and passenger services and the passenger, express, and mail services of the value of the railroad equipment for each carrier.

Mr. STEWART. As reported by the carriers?

The WITNESS. As reported by the carriers on this form. The value of the freight train cars was allocated directly to the freight service. The value of the freight locomotives was allocated directly to the freight service. The passenger-locomotive value was allocated directly to the passenger service, and then separated between passenger, express, and mail by use of the car-foot (mile) ratios found on Form 70, at item No. 4, columns 9, 11, and 13.

Yard or shifting locomotives are allocated, or apportioned, as the case may be, in ratio, for freight and passenger, with the locomotive switching miles reported by each carrier on Form R. M. P. No. 53, I. C. C. Accounts Nos. 38 and 39. The further separation between passenger, express, and mail was made in like manner as for passenger-train locomotives by the use of car-foot mile ratios; the total value for steam locomotives was apportioned between freight and passenger services by use of ratios for the total locomotive mileage reported on Form R. M. P. No. 53, as described in Letter of Instruction No. 504.

Account No. 52—Other locomotives:

These are mostly electric in character. This value was allocated to passenger service, unless the primary accounts Nos. 311, 312, and 313, which covered repairs, depreciation, and retirements of this class of locomotives, indicated that the freight service was served by such locomotives, in which case the ratios for the total separations to freight and passenger of these accounts, as reported by the carrier on Form 51, were used as the basis of separation between passenger and freight services.

A further separation between passenger, express, and mail was made by means of the car-foot mile ratios, as explained under steam locomotives.

The whole item of passenger-train cars, of course, is allocated directly to the passenger service as a whole, but under this general head, Account No. 54, there are distinct allocations to the several classes of service, passenger, express, and mail.

First. The coaches were allocated directly to the passenger service. The coaches include parlor, sleeper, dining, observation, and all other cars used for passenger service exclusively.

Second. The express cars used exclusively in the express service, refrigerator-express cars, and all others used exclusively by the express service were directly allocated to the express.

Third. The railway post-office cars were allocated directly to the mail service.

Fourth. The mail-storage cars were allocated directly to the mail service.

I would like to state that there were quite a number of roads that were able to separate the mail-storage car values from the total baggage cars, and also to separate the exclusive-baggage car values. There was no statement made by any of the companies as to the accuracy of this division. It was taken as reported by the companies.

Fifth. Baggage cars. (a) For baggage exclusively, the total amount was directly allocated to passenger service exclusively. (b) For mixed loads, the total amount was apportioned to passenger, express, and mail services by use of the ratios for car-foot miles reported for cars carrying mixed loads only.

Sixth. Combination passenger train cars. The total amount was apportioned to passenger, express, and mail services by use of the ratios for car-foot miles reported for cars carrying mixed loads only.

Nos. 5 and 6 covered all baggage cars and combination cars, and in case these values were not separated, then the total amount for all the baggage and combination cars was separated by use of the space in the mixed cars.

Seventh. All other passenger train cars, including such as milk cars, etc. The value was directly allocated to passenger service exclusively.

Account No. 55—Motor equipment of cars. This total value was considered as exclusively a passenger charge, unless the primary accounts, Nos. 320, 321, and 322, indicated freight operation of motor equipment, when the ratios for freight and passenger for these accounts were used to separate between the two classes. The apportionment to passenger, express, and mail was made by use of the car-foot mile ratios.

Account No. 56—Floating equipment:

First. Water-line transportation. The allocation or apportionment of the boats in water-line transportation followed the allocations or apportionments for the water transportation primary accounts reported on Form R. M. P. No. 51-D, Nos. 431, 432, and 433, for each carrier. This total amount, in the case of most carriers, was considered as not related, and the entry will be found in column 14 on Form R. M. P. No. 70.

Second. Ferry or water-transfer service. The value was allocated or apportioned in accordance with the allocations or apportionments for the primary accounts Nos. 323, 324, 325, and 408, Forms R. M. P. Nos. 51-B and -D, and also Nos. 54-B and -D. Car-foot mile ratios were used to separate the total passenger charge between the passenger, express, and mail services.

In case the company reporting did not have water line and ferry service values separately, the separations followed the primary accounts as to allocation and apportionment, all the accounts involved being considered as a whole, and the ratios obtained between each class of service and the aggregate of all classes.

Account No. 57—Work equipment. This value was separated between freight and passenger services by use of the ratios for all divided amounts for accounts 326, 327, and 328, taken together. The separation of the passenger charge was made by use of the car-foot mile ratios.

Account No. 58—Miscellaneous equipment. The total amount was separated between freight and passenger in the same manner as for work equipment, except that the ratio between passenger and freight was secured from Account No. 301 (superintendence, maintenance of equipment). In compiling data from Form No. 57, separate tabulations were made for each company by both plans 1 and 2.

Eighth. The investment in miscellaneous physical property (item No. 41, Form No. 70) was considered as not related to the inquiry, and the total investment therein was entered in column No. 14.

Ninth. The passenger service train revenue, exclusive of mail and express revenues (item No. 44, Form 70), was secured by deducting the mail and express revenue amounts from the aggregate of primary Accounts Nos. 102 to 109, inclusive, as reported on Forms R. M. P. Nos. 50 and 53.

The passenger service car miles reported on Form R. M. P. No. 301 and at item 2, column 8, on Form No. 70, were used as the divisor to secure the result shown for item No. 45, the passenger service train revenue per car mile. (R. 564-569.)

**RETURN ON REPORTED VALUE OF PROPERTY BASED
ON REPORTED AND ACTUAL EXPRESS AND MAIL
REVENUES.**

Mr. PRENTISS testified on cross-examination to the effect that the express and mail revenues shown on recapitulation of Form 70 are those reported by the railroads to the Post Office Department and the Interstate Commerce Commission, and were necessarily used for comparative purposes; that the express and mail revenues shown on recapitulation of Form 71 are those reported by Mr. Newlean, vice president of the American Railway Express, for express, and those reported by the Post Office Department for mail

and represent actual receipts. (R. 586-595.) With respect to the revenues shown on Exhibits 66 and 67, Mr. Stewart stated as follows:

Mr. STEWART. May I suggest to counsel for the railroads that there can be no possible ground for difference between us on these items. One represents the amount submitted by the railroad companies in their reports and used for statistical purposes, and the other represents the amounts which were secured by mutual agreement between the railroad companies and the department and used for these other purposes. The deductions that he desires drawn with reference to net income returned on estimated value of the property on these secured amounts of revenue, shown on Form 71, are shown on these two exhibits which I have asked permission to submit, and which are now with the printer. (R. 595, 596.)

It further appears by the evidence that the car-foot miles used in the preparation of Post Office Department Exhibits 66 and 67 under plans 1 and 2 were those provided by the methods of assignment of unauthorized and unused space in accordance with Post Office Department Exhibit 65. (R. 606-609.)

**THE RESULTS OF POST OFFICE DEPARTMENT EXHIBITS
66 AND 67 FAIRLY REPRESENT COST ESTIMATED
ON THE BASES EMPLOYED.**

Question (by Attorney Examiner BROWN). You say you are the statistician of the Post Office Department?

Answer. No, sir. I am the accountant in the Special Assistant to the Attorney General's office at present. At one time I was statistician for the Second Assistant's office.

Question. Well, you are familiar with this situation, anyhow?

Answer. Yes.

Question. Eliminating all criticisms that can be made of individual items or the methods of allocations here and there, do the results that appear on these exhibits here, Nos. 66 and 67, fairly represent to your mind the cost of the mail service?

Answer. As an item of operating expense or as an item of net return?

Question. No; I am talking about the cost of the service.

Answer. The cost of the service for the operation?

Question. Yes.

Answer. Well, I should say that it represented the full cost of the service—the full cost of the mail service.

Question. Well, you mean by that that it fairly represents it?

Answer. It fairly represents the full cost. Plan No. 2 fairly represents the full cost of the mail service.

Question (by Mr. WOOD). Well, the plan has nothing to do with the cost, has it?

Answer. Yes. The cost of the mail service is determined by plan 1 or plan 2. You can not get the mail service without the two plans.

Question (by Attorney Examiner BROWN). Well, in the net result, there is not a great deal of difference between the two, is there?

Answer. A difference of \$3,372,000 for plan 1 and \$3,529,000 for plan 2.

Question (by Mr. WOOD). Where do you show the cost; on what line is that?

Answer. Operating expenses, item 11, total railway operating expenses. The mail is in column 12 for both plans.

Question (by Mr. STEWART). That is, for the month of April?

Answer. For the month of April; yes.

Question (by Attorney Examiner BROWN). I do not quite get your figures. Where you say total railway operating expenses, we have for the mail \$3,331,433.91 under plan No. 1, on class 1 carriers, and \$3,353,000—

Answer. No; \$3,484,000 for plan 2 for class 1 carriers.

Question. \$3,484,000. The difference there is something over a hundred thousand, just glancing over it, is it not?

Answer. Yes; that is about the difference—about \$150,000 difference.

Question. Now, you say operating expenses, total railway-operating expenses, and what you mean by that, or what you want the commission to understand, is that that is what it cost the carriers to render the mail service according to these figures?

Answer. For the operating expenses paid by the carriers for their operations, their transportation operations.

Question (by Dr. LORENZ). That does not include taxes or investment?

Answer. That does not include taxes or overhead.

Question (by Attorney Examiner BROWN). Not including taxes?

Answer. Not including taxes or joint facility rents.

Mr. STEWART. That, of course, is on the basis, as we all understand, of these apportionments under these various methods.

Attorney Examiner BROWN. Oh, yes.

Mr. STEWART. Added to the allocations. (R. 560-562.)

RECAPITULATION OF FORM 71 (FIRST PART OF EACH POST OFFICE DEPARTMENT EXHIBITS 66 AND 67).

Form R. M. P. No. 71: The information on this form was secured from Form R. M. P. No. 70, with the exception of the express revenue and the mail revenue, items 4 and 7, in column 6.

The car-miles (column 3) are six-sevenths of the total car-miles reported for the period March 27 to April 30, 1917, transcribed from Form R. M. P. No. 70 for item No. 2.

The car-foot miles (column 4) are six-sevenths of the car-foot miles reported for the period March 27 to April 30, 1917, transcribed from Form R. M. P. No. 70 for item No. 5.

Question (by Mr. STEWART). Now, Mr. Prentiss, you are speaking with particular reference to the recapitulation shown as Post Office Department Exhibit No. 66, are you not?

Answer. Sixty-six; yes. Well, it includes both 66 and 67. Form 71 for both exhibits was obtained in the same manner.

The percentages to the total mail car-foot miles shown in column 2 for item No. 6, (a) to (d) refer to the car-foot miles found in column 4. The percentages shown in column 5 for plans 1 and 2 are the same as for item No. 5, Form No. 70.

The entries in columns 9 and 12 are all secured from Form R. M. P. No. 70 in columns 6, 8, 10, and 12 for items 11, 13, 14, and 18, as indicated at the top of columns on Form No. 71.

The entries in column 15 are the balances secured by subtracting the sum of entries in columns 9 and 12 from the entries in column 6. (R. 569, 570.)

ASCERTAINMENT COVERS COST OF INITIAL AND TERMINAL SERVICE.

Question (by Mr. STEWART). Mr. Prentiss, we have no statistics to present to the commission with respect to the separate cost of what is generally referred to as the terminal service, which is covered in the statute fixing the rates for what is known as the initial and terminal charge. What efforts were made, if any, to secure data upon that form?

Answer. When the department was desirous of taking up the matter of the financial statistics, the railroads were requested to furnish information in regard to station facilities and switching facilities furnished for the several classes of services, including the mail service, upon which it was intended to secure this information. The matter was, for a time, left in abeyance, and finally the companies stated that it would be impossible for them to furnish this information.

Question. Now, the expense covered in that service, however, is included in these statistics as a whole which we have submitted?

Answer. Yes, sir.

Question. So that while it was thought to be impractical to secure the data upon which a finding could be made separately with reference to those expenses, they are nevertheless covered in these figures?

Answer. Yes, sir.

Mr. STEWART. Mr. Examiner, the only purpose of these questions is to let the record show that an effort was made to get this, but it was thought to be impracticable. (R. 570, 571.)

COMPARISON OF NET INCOME WITH PROPERTY INVESTMENT
AS SHOWN ON POST OFFICE DEPARTMENT EXHIBITS NOS.
67 AND 66, UNIT REVENUE AND COST FIGURES. (POST
OFFICE DEPARTMENT EXHIBIT NO. 74.)

AS TO POST OFFICE DEPARTMENT EXHIBIT 67.

Mr. PRENTISS testified on direct examination as follows:

Answer. Exhibit No. 74 is to show, in comparison, the statistics for mileage and income account, with the property investment, as shown on Exhibit 67 of the Post Office Department, Forms Nos. 70 and 71.

Question (by Attorney Examiner BROWN). As I recollect that, Exhibit No. 67 was a statement of the investment of the carriers, as shown by the reports to the Interstate Commerce Commission.

Answer. That is a recapitulation of Forms 70 and 71 for the class 1 carriers.

The reason for Exhibit 74 is to show the comparison of the property investment.

On Form 71, Exhibit 67, the property is not shown, and in order to draw a relationship between the revenue, expenses, and net income, as shown on Form 71, with the property, as shown on Form 70, Exhibit 67, it is necessary to set out the figures in the manner shown in Exhibit No. 74. (R. 2940, 2941.)

The exhibit explains itself. The car-miles are six sevenths of the total for the period from March 27 to April 30, 1917, and the car-foot miles are the same. They have already been reported on Exhibit 67.

(A) REVENUES.

The revenues given in item No. 7 differ as to express and mail. The \$56,185,000 passenger revenue, including baggage and miscellaneous, is the same as that reported on Form No. 70, Exhibit No. 67. That is the passenger service train revenue. This differs from the revenue reported on Form 70, Exhibit 67, in that it excludes the revenue for parcel room receipts, etc., which are incidental to the service.

The express revenue, \$8,125,000, is the express revenue reported by the express companies as paid to the railroad companies for the month of April, 1917, and the mail revenue is that which was shown by the records of the Post Office Department as actually paid the railroads for the month of April, 1917. The remaining figures for the income account, items 8 to 19, would be the same excepting in the cases where the net total operating income is drawn, and, of course, the net income differs because of the fact that the revenues have been changed. The differences are slight. (R. 2941, 2942.)

(B) NET REVENUES.

Refer to plan 2, in the last three columns, 8, 10, and 12, and it will be found that the net revenue from railway operations, shown as \$13,961,000 for passenger, \$1,539,000 for express, and \$845,000 for mail, are changed from those reported on Exhibit 67, which were \$16,861,000 for passenger, \$1,232,000 for express, and \$1,068,000 for mail—a difference there of about \$200,000 in the mail, about \$300,000 in the express, and \$3,000,000 in the passenger.

The net income, shown in item 20, is found on Exhibit 74, plan 2, the last three columns, 8, 10, and 12.

Question. Now, what do you mean by "plan 2"? You do not have it marked on this exhibit.

Answer. Plan 2 is not shown, because this is an exhibit taken from Exhibit No. 67, where the plans are set forth.

Question. And that means——

Answer. The same columns are used.

Question. And the results of that are found in columns 8, 10, and 12?

Answer. Eight, ten, and twelve; yes.

Question. All right; proceed.

Answer. The net income from passenger is shown as \$10,956,000, that for express as \$1,084,000, and for mail as \$597,000.

* * * * *

The amounts previously shown in Exhibit No. 67 were passenger, \$13,856,000; express, \$777,000; and mail, \$820,000.

Question. So that in this exhibit the actual revenues received from express are shown to be much larger than on the former exhibit, and there is some diminution in the amount stated for the mail?

Answer. For the mail; yes, sir. (R. 2942, 2943.)

(C) PER CENT OF NET INCOME TO OPERATING REVENUES

The difference in revenues brings the mail and express into very close relationship as to the net return.

This is shown in item 21, per cent of net income to operating revenues, where the passenger is given as 19.50, the express as 13.34, and the mail as 13.80 per cent.

Question. Now, in each case, that is the per cent of net income to the operating revenues?

Answer. The operating revenues, yes; the passenger service train revenue, the actual express revenue, and the actual mail revenue for the month of April.

Question. So that for the mail there was a return of 13.80 per cent net income to the operating revenues?

Answer. That is right. (R. 2943.)

(D) INCOME PER CAR-MILE AND PER CAR-FOOT MILE.

The items following below show the rates per car-mile and per car-foot mile.

The revenues for passenger, express, and mail are, respectively, 28.97 cents, 20.99 cents, and 22.35 cents. (R. 2943, 2944.)

(E) OPERATING EXPENSES PER CAR-MILE.

The operating expenses per car-mile were 21.77 cents for passenger, 17.02 cents for express, and 17.99 cents for mail. (R. 2944.)

(F) NET INCOME PER CAR-MILE.

Per car-mile the net income for passenger, express, and mail was as follows: Passenger, 5.65 cents; express, 2.80 cents; and mail, 3.08 cents. (R. 2944.)

(G) PROPERTY INVESTMENT.

On this exhibit (74) the property investment is not separated between road and equipment, but the total only is shown, item 40, as it is taken from Exhibit No. 67, and I

will read the amounts in columns 8, 10, and 12, which are the same as plan 2 on Exhibit 67.

The passenger road and equipment investment was \$2,955,000,000; the express, \$425,000,000; and the mail, \$237,000,000. I have not read the thousands.

Question. Mr. Prentiss, those are mainly arrived at by apportionments, as you have previously described; in fact, these are taken from your former exhibits?

Answer. The part which relates to the road investment is wholly an apportionment based upon the separation of operating costs. The equipment investment, however, is an actual amount, in part. For the mail service there was an actual allocation of \$8,254,000 and an apportionment of \$22,566,000.

Question. All these values to which you refer are the values which were given by the railroads themselves, without any possibility of check?

Answer. These were the amounts reported by the railroad companies on the form prepared for reports of investment in road and equipment.

Question (by Attorney Examiner BROWN). That included your mail apartment cars, your railway post-office cars, and then, so far as baggage cars are concerned, it was allocated, was it, on a percentage?

Answer. It was apportioned on the percentage. The percentage in the mixed cars was used as the basis of apportionment.

Question. Now, take the portion of a station that is devoted to the mail. Was that also apportioned?

Answer. That was apportioned. That was included in the road investment, of course, and was apportioned on the basis of the costs.

Question. And I suppose it was the same way with your trucks and motor cars, and all that kind of thing?

Answer. They went in as miscellaneous equipment.

Question. Of course, they would be interchangeably used to move the baggage up to the car door, and the express, as well as the mail?

Answer. That was apportioned on the basis of the car-foot mile percentage. The car-foot mile was used as the basis of the division of the value of the locomotives and for the value of the working equipment and the miscellaneous equipment. (R. 2944-2946.)

FORM R. M. P. NO. 57.—PASSENGER, EXPRESS, AND MAIL EQUIPMENT.

Question (by Mr. STEWART). Mr. Prentiss, the Post Office Department had a form known as Form 57. Will you briefly describe the purpose of that?

Answer. Form 57 was prepared with the idea of securing the actual allocated or directly allocated cost of passenger, express, and mail service equipment, primarily, and, secondarily, to make a comparison between the three classes of service as to the value of the property used in those three classes of service.

Question (by Attorney Examiner BROWN). Take your cranes, your mail chutes, and all of that. That is directly allocated to the mails?

Answer. No; that would not be included in this.

Question. It would not be?

Answer. No; because the direct allocations that we have been able to make in this case were those of the actual cars—the passenger train cars, the express cars, and the mail railway post-office cars, the mail storage cars, and the passenger cars used exclusively for the miscellaneous service, such as milk, etc. They were the only ones we were able to check absolutely, outside of the freight service, of course.

Question (by Mr. STEWART). Did the companies generally respond to the purposes of that form?

Answer. Quite generally, yes. There were a number of companies that, from the nature of their accounts, were not able to give the full values for each class of equipment, but, as a rule, they responded to the form, and gave the best answer they were able to from their records.

Question. What was the effect of securing that information upon the question of the apportionment or assignment of value to the several classes of service, particularly to the mails? What I have reference to is how did it affect the question as compared with some other kind of division, where you would not have had that direct allocation?

Answer. The results, as shown by Exhibit 67, indicate that the equipment which could be directly allocated to the mail service was considerably less in amount, proportionate to the whole, than the value of the equipment that was apportioned. The per cent to mail of the allocated equipment was 4.81 per cent, while the per cent to mail for the apportioned part of the equipment was 8.44 per cent, and the car-foot mileage was 7.28.

The cost percentage on Exhibit 67 for the mail service was 6.66, and the road value, as a total, for mail service shows 6.62. The total for both road and equipment was 6.57 per cent. So that it indicates that 4.81 per cent of value allocated to mail service is much lower than the proportion which was taken by car-foot mile apportionment. (R. 2946-2948.)

Question. Did the railroad companies avail themselves of the information returned on Form 57 in making their apportionment to the mails?

* * * * *

Question (by Mr. STEWART). What I had reference to particularly, Mr. Prentiss, was this question, whether the railroads, in presenting their estimate of the value of the property assignable to the mails, arrived at that estimate by using these allocations, which were made from Form 57, on your report directly to the mails, or did they use some other manner of reaching the value of the equipment which shall be so assigned?

Answer. It is my understanding that the reports on Form 57, and I think Mr. Wettling so stated, were not used by him in his tabulation of the value of properties. (R. 2949, 2950.)

**OTHER DIRECT ALLOCATIONS OF VALUE OF EQUIPMENT
WOULD HAVE REDUCED PASSENGER AND THERE-
FORE MAIL ESTIMATED COST AND PROPERTY VALUE.**

Question. Do you think it a fair conclusion to draw that if the department could have secured a further direct allocation of values with respect to other classes of property that the amount proportioned to the mails would have been correspondingly less, or somewhat less, than based upon a car-foot mile ratio?

Answer. It is my opinion that the division of operating expenses between passenger and freight services, and also between passenger, express, and mail services, if the companies could have shown the facts in regard to those expenses, the passenger would have been considerably lower, and the proportion, both for express and mail, would have been considerably lower, for these reasons: In the first place, there are numbers of operating expense accounts which have practically no relation to the express and mail service. The use of the car-foot mile as the basis might be considered representative of the train, and the expenses in connection with the train, but to apply such a basis to expenses which are covered in the maintenance of way and structure and equipment accounts, as overhead, so to speak, stationery, and printing, and items of that nature—I do not think the express and mail service should be made to bear the per cent that is used in our calculations. (R. 2948, 2949.)

(H) PER CENT OF NET INCOME TO PROPERTY VALUE.

Answer. Item 43 (Exhibit 74) gives for the passenger, express, and mail service the per cent of net income to the property, and this is found to be, for passenger, 0.37 of 1 per cent, 0.25 of 1 per cent for the express, and 0.25 of 1 per cent for the mail. This is for the class 1 carriers.

Question. That is for the month—

Answer. For the month of April, yes. A comparison for the yearly return could be made by multiplying these accounts by 12. (R. 2950, 2951.)

AS TO POST OFFICE DEPARTMENT EXHIBIT 66.

Answer. The second part of this exhibit gives a comparison of the income account with the investment in property for Exhibit 66, Form 71. It draws the same conclusion as for the class 1 carriers, except that the passenger revenue for the total income account has been retained, rather than to use the passenger train revenue, as shown on the previous statement.

Question. Now, the basis of this differs from the other in what respect? The first was class 1.

Answer. It is the same exactly, as far as mail and express are concerned, but it gives a bird's-eye view of Form 71 for Exhibit 66, including the property. It simply makes a comparison of Form 71, Exhibit 66, showing the return on the property.

Question. It includes more carriers than class 1 carriers?

Answer. It includes the class 1 and class 2 carriers that were able to make reports in the manner requested by the Letter of Instruction No. 504. (R. 2951, 2952.)

(A) NET INCOME.

Answer. The class 2 carriers are included in this statement, which makes a slight difference in regard to the net income and the per cent of net income. The express on this statement shows a net income of \$1,062,000 and the mail \$597,000, as against \$756,000 and \$822,000, shown on the recapitulation of Exhibit 66. (R. 2952.)

(B) PER CENT OF NET INCOME TO OPERATING REVENUES.

The per cent of net income to operating revenues for express is shown to be 13 per cent and for mail 13.64 per cent.

Question. And what for passenger?

Answer. The passenger is 23.16 per cent. (R. 2952.)

(C) REVENUE PER CAR-MILE.

The car-mile rates for passenger, express, and mail are, respectively, 30.44 cents, 20.98 cents, and 22.41 cents. This car-mile rate for passenger, of course, is for the whole passenger revenue, and the passenger service train revenue will be found at the bottom of column 8, at the bottom of the sheet, \$56,713,172.44, which is 28.15 cents under plan 1 and under plan 2 would be 28.96 cents. (R. 2952.)

(D) PER CENT OF NET INCOME TO PROPERTY VALUE.

The property investment for class 1 and class 2 carriers, shown on these reports, was, for passenger, \$3,021,778,000; for express, \$433,409,000; and for mail, \$244,186,000.

The per cent of net income to investment for passenger, express, and mail is shown as 0.46 of 1 per cent for passenger, 0.25 of 1 per cent for express, and 0.24 of 1 per cent for mail.

I will state that the actual fraction of these would be the same in the case of express and mail—that is, it is 0.245 and 0.245. In the case of express it was raised in this form, and in the next exhibit we will show it exactly as it is. It is slightly higher than the fourth figure, I believe, giving the express the benefit of the doubt. (R. 2952, 2953.)

IN GENERAL.

Question (by Attorney Examiner BROWN). What do you deduce from these figures?

Answer. The exhibits were intended to bring out the relationship of the property to the net return, as shown on Exhibits 66 and 67, both of these exhibits, and we have the figures on Exhibits 66 and 67; we have the figures as reported to the Interstate Commerce Commission without change, and then we show the Form 71, the actual express and mail revenue. We have the actual passenger-service train revenue, and on these two exhibits we make a comparison for Form 71.

Question. Well, as I take it, you take the passenger revenue as shown by the returns of the carriers to the Interstate Commerce Commission?

* * * * *

Answer. * * * On this Exhibit No. 74, the passenger revenue for the recapitulation of class 1 carriers is the passenger-service train revenue, and the express revenue on both parts of this exhibit represents the express revenue actually paid to the carriers so far as we could find out during the month of April.

Question. And in the same way with the mail?

Answer. In the same way with the mail. Exhibits 66 and 67, Form 70, were the accrued express and mail revenues as reported to the Interstate Commerce Commission. They are slightly higher in the case of mail, and also in the case of express; so that makes a difference in the net income, so far as mail and express are concerned.

Question (by Mr. STEWART). Mr. Prentiss, the primary purpose of this exhibit is not especially to show the relation to property value, but mainly to show the relation between revenue, expenses and the net income, is it not?

Answer. It shows the relation between the revenue and the expense, and the net income, for each of the classes of service—passenger, express, and mail.

Question. Now, with reference to mail, your conclusion as drawn from this table, it might be said that, following out your line 21, the per cent of net income to operating revenues was 13.80, and that your railway operating revenue for mail 22.35 cents a car-mile, and that there is a net income, following out your line 28, of 3.08 cents for the mail service; is that correct?

Answer. That is right. (R. 2953-2955.)

REVENUE, EXPENSES, TAXES, AND OTHER EXPENDITURES,
AND NET INCOME, AND RETURN ON PROPERTY (ELEMENTS FROM POST OFFICE DEPARTMENT EXHIBIT 66),
POST OFFICE DEPARTMENT EXHIBIT 75.

Mr. PRENTISS testified on direct examination as follows:

Answer. This exhibit gives the car-miles for the 30-day period of all the carriers from which the department was able to secure reports in accordance with Letter of Instruction No. 504.

The car-miles as shown are those tabulated under what has been described in my previous testimony as plan 2. That is, the space unused in mixed cars has been apportioned to mail, express, and passenger, respectively.

* * * * *

The apportionments of the operating expenses, taxes, and other expenditures were made upon the results of the division based upon plan 2, so that this whole exhibit shows the plan 2 apportionment, both as to car-miles and as to expenses and net income.

The property investment was likewise separated by the use of percentages based upon plan 2, so that each item here shown on this exhibit partakes of the unused space in mixed cars as apportioned.

Question (by Attorney Examiner BROWN). Now, the long and short of it is, from your figures, the passenger returns were 5.57 cents?

Answer. 5.57 cents net income.

Question. Per \$100, or——

Answer. Per car-mile.

Question. Your express 2.72 and your mail 3.06?

Answer. Cents per car-mile. (R. 2956, 2957.)

* * * * *

Answer. The revenues shown upon this exhibit are the passenger service train revenue, the actual express revenue, and the actual mail revenue for the month of April, 1917. The operating expenses for each of the three classes of service are those taken from Exhibit 66, unchanged, and the net income for passenger is shown to be \$10,905,000; for express, \$1,062,000; and for mail, \$597,000.

The property investment is shown to be, for passenger, \$3,021,000,000; for express, \$433,000,000; and for mail, \$244,000,000.

Question (by Attorney Examiner BROWN). That is in round numbers?

Answer. In round numbers.

The per cent of net income to investment for the passenger service is, thus, 0.36 of 1 per cent; for the express, 0.245 of 1 per cent; and for the mail, 0.245 of 1 per cent. Multiply this by 12 to show a statistical yearly rate, and we have a return for passenger service of 4.33 per cent; for express, 2.94 per cent; and for mail, 2.94 per cent.

The passenger-train revenues for passenger, express, and mail services are, respectively, 28.96 cents, 20.98 cents, and 22.41 cents.

The operating expenses are, for passenger, 21.83 cents; for express, 17.07 cents; and for mail, 18.06 cents.

Question (by Mr. STEWART). Then there is a line for taxes and other expenses, and then you reach the net income?

Answer. The net income is, for passenger, 5.57 cents; for express, 2.72 cents; and for mail, 3.06 cents. (R. 2961, 2962.)

On cross-examination Mr. Prentiss testified that the passenger-train revenue shown on Post Office Department Exhibit 75 is taken from Post Office Department Exhibit 67, the same figure used in Post Office Department Exhibit 74, and eliminates the passenger revenue other than that derived from the operation of the trains themselves; and

that the expense figure on Post Office Department Exhibit 75 is comparable with the expense figure on Post Office Department Exhibit 74 and is the same as was used by the railroads in their exhibit. (R. 2990-2992.)

Mr. PRENTISS further testified on cross-examination as follows:

Question (by Mr. Wood). So you have included within that property investment that part of the property out of which this \$3,000,000 revenue which you have excluded accrued?

Answer. No, sir.

Question. Why not?

Answer. Because this \$3,000,000 revenue was incidental to the services and embraces expenses which were eliminated in a great measure from the entire ascertainment on Letter 504.

Question. Not for the property investment, is it?

Answer. No; but for the basis of dividing the property investment.

Question. You have taken the property investment, which is assumed to represent all of the property investment devoted to the passenger service as a whole?

Answer. No, sir.

Question. And you have figured on that the rate of return from the passenger-train service only?

Answer. No, sir; we eliminated from the passenger property those amounts which were entirely from miscellaneous physical property, and wherever there was a charge which was purely commercial in character—

Question. Now, Mr. Prentiss, I am dealing only with the property investment.

Answer. Well, I am dealing with property investment.

Question. You have the property investment of the carriers as a whole, have you not?

Answer. You will find, if you will turn to Exhibits 66 and 67, that we eliminated \$133,000,000, shown in column 14, and there was \$960,000 eliminated from the equipment.

* * * * *

Question. But this \$3,000,000 which you excluded from the revenue was earned, not out of the miscellaneous property excluded by you, the \$134,000,000, but it was earned and credited as railway operating revenues; that is, as a part of the earnings of the railway property itself; is that right?

Answer. Yes, sir; except that I would like to make this proviso, that it was impossible to separate the property

values as we were able to separate the operating expenses, and under the operating expense accounts, of course, when we made the division on the basis of car-foot miles between the classes of service—passenger, express, and mail—that ratio would be affected by the differences. In other words, those amounts which had been eliminated would have been taken out previous to the apportionment. That would decrease the total. It might not change the ratio.

Question. Now, I understand that you could not apportion the investment in the property devoted to passenger as a whole, or to the passenger proper, so as to exclude the investment out of which this \$3,000,000 was earned, but there was no reason why you could not include the \$3,000,000 in the revenue in order to make the revenue and the net income comparable to the assigned property investment, was there?

Answer. No reason, and we did it.

Question. How did you do it?

Answer. We did it on Exhibits 66 and 67.

Question. Well, you did not do it on Exhibit 75?

Answer. No, sir; we did not, because this exhibit was prepared for the express purpose of showing it in the same form as reported by the railroad companies.

Question. And you did not do it on Exhibit 74?

Answer. No, sir; for the same reason. (R. 2993-2996.)

On re-direct examination of Mr. Prentiss it was shown that in Railroad Exhibit No. 4 the railroads have given the value of the property as of December 31, 1917, as \$18,264,000,000, covering all roads so reported whether they carry mail or not; that they have apportioned \$4,854,671,000 to passenger regardless of whether such roads represented carry mail or not; that they have apportioned on a car-foot mile basis \$443,629,000 of this amount to the mails, and then stated 7 per cent of such amount as a charge to the mails. (R. 2990-3002.)

On re-cross examination it appeared that the amount did not include class 3 roads, of which some carry mails; that there are a number of class I roads that do not carry mails, less than \$100,000,000 in value; that it had been stated in the record that Mr. Wettling's figures did not include value of property of terminal companies. (R. 3002-3013.)

WHILE THE RAILROADS HAD THE UNIT PASSENGER CAR-MILE REVENUE FOR THE STATISTICAL PERIOD, THEY USED INSTEAD FOR THEIR PURPOSES THE FIGURE FOR THE YEAR, WHICH WAS LARGER, BUT DID NOT PRESENT THE RESULTS FOR THE MAILS FOR THE YEAR WHICH WOULD HAVE SHOWN A LARGER NET INCOME THAN THE STATISTICAL PERIOD SHOWED.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). I think that the railroads reserved and the department had no objection whatever to their reserving the right to make representations with reference to the fact as to whether April was a representative month. Is that what you are referring to?

Answer. Yes, sir. Now, we did not choose to go into that in detail and fill up the record as to why it is not a representative month. The figures show for themselves. The Interstate Commerce Commission have in their hands reports for each month and for the year, and we chose in this final calculation to use the average for the year, which I think is a most conservative one, because that average itself of 29.29 cents is itself depressed by the average revenues per car-mile for mail and for express, which we think are both underpaid, and in the case of this 29.29 cents, your defect, if it is a defect, in using equated car-miles is entirely eliminated.

Question. That being true and the department having had no objection whatever to the railroads submitting that evidence or any evidence they desired to on that point, I will ask you why it was that the railroads failed then to submit the results of forms general—and I refer now to the designation by which they have been known—and which, if they had been worked up and submitted to show whether or not April was a fair month compared with the year, those forms general would have shown a net surplus to the mails of \$14,928,464.64.

Answer. They most certainly would not have shown anything of the kind. They might have shown a deficit for the mails.

Question. On your figures?

Answer. On my reasonable theory of working out the figures, yes, sir. We are prepared to show the figures for the general forms that you speak of for the year 1916, and the only two reasons that they were not put in was because we did not think that they would serve any good purpose, and we did not have the time to finally tabulate them. We have got them tabulated, but not typewritten or printed. I can present any figures for the year 1916 that

you would care to listen to. I have no fear of them at all. I also assumed that you might, as some of our other opponents in other cases have done, claim that the year 1916 would not be a representative year because it was the largest year that the carriers had ever experienced in their history.

Question. It was a year when the revenues were higher and the expenses were lower than they were in April. I guess that is true.

Answer. Yes, sir.

Question. And if the result of those forms which the railroads had insisted upon having and working out and having the privilege of presenting here had been followed out to their conclusion it would have shown a much more favorable result to the mails than the month of April?

Answer. Well, I differ with you. I want it distinctly understood that the mails did not contribute to that fine showing of the railroads for 1916.

Question. I beg your pardon; they must have contributed if the expenses were lower.

Answer. Well, yes. I will grant you the expenses were slightly lower. (R. 1311-1313.)

ESTIMATED NET REVENUES FROM THE MAILS SO SHOWN
IS MUCH LESS THAN ACTUAL IF BASED UPON MORE EXACT
APPORTIONMENT OF EXPENSES

Mr. PRENTISS testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, is it your deduction that that is all right; that that is proper and sufficient?

Answer. It is perhaps not sufficient, looked at from the standpoint of the service as a whole, on the basis of a statistical ascertainment; but from my knowledge of the division of expenses, and so on, I should say it was excessive.

Question. Why? I don't know whether you can answer that question or not, but I am going to ask it—why should the return be any less on mail than on the passenger as a whole?

Answer. Well, for instance, there are numbers of operating accounts and primary accounts in which it is absolutely impossible to find out any relationship to the mail or express service. That is, there are accounts in which the mail and express can have no part, and then a division of operating expenses upon the car-foot mile percentage charges to the express and mail a proportion in accordance with the operation of the train by or alongside of those facilities. They stand there. So as to the relationship of

the car-foot mile to the maintenance and operating costs, or a great many expenses connected with railroad operation, to my mind, there is no comparison.

Question. Now, take a passenger train scheduled to run every day in the week throughout the year. Sometimes it is filled with passengers; sometimes it is empty. I have ridden in a transcontinental train where I was the sole passenger in the Pullman section of that train. Now, take your mail, that is a constant thing. There is mail every day, is there not?

Answer. Yes.

Question. That is, people are always writing letters and they are always sending newspapers in amounts, and in an increasing amount all the time. Now, under such circumstances your express earned 5.57 cents. Looking at it as I have to look at it, in layman sort of a way, why should not, under those circumstances, the mail equal the passenger return? You have here, I notice, the express return as less than the mail. What occasions that?

Answer. If you will look at the operating expenses allocated on the third line of figures at the top of the exhibit we have there \$5,073,000 allocated to the passenger service, \$23,000 allocated to the express service, and \$132,000 allocated to the mail service. That is all the expense of all of these railroads that we were able to get reports from, that they were able to find in actual expenses, and I don't believe it.

My result of the ascertainment of these figures gave me conclusive evidence that the carriers could have reported more actual expenditures if they had so desired, and there were numbers of letters which stated that the carriers did not consider it worth while to make those facts available to the department.

* * * * *

Question (by Mr. STEWART). Do you mean to say, Mr. Prentiss, that by reason of the fact that they did not make direct allocations in many cases where you think they might have done so the department was compelled to apply the car-foot ratio?

Answer. We were.

Question. To accounts which were too high?

Answer. We were forced to apply the car-foot mile ratio to operating expenses for a proportion of the operating expenses, purely and unadulterated passenger, absolutely.

Question (by Attorney Examiner BROWN). Well, it seems to me you are right there. Take the case of a mail train which carries nothing else but mail. It would amount to more than \$132,000 on one railroad, would it not?

Answer. It would.

Question. Take those great mail trains that run from New York to Chicago and from Chicago on west. They carry nothing but mail. Take the fast mail leaving Chicago at 9 o'clock at night, with a specially built car that will stay on the track when the train is running 75 miles an hour. That is special and should be charged to mail, should it not?

Answer. Under a car-foot mile basis, absolutely every cent is charged to the mail.

Question. And should be, should it not?

Answer. And should be, absolutely.

Question (by Mr. STEWART). Referring to the application of the car-foot ratio, was that applied to all the expenses of the great railroad terminals throughout the country which are maintained almost—well, very, very largely for passenger purposes alone?

Answer. There were a few of the companies which were able to separate the maintenance expenses for their passenger terminals, the account known as station and office buildings, No. 227, primary account; but the roads that were able to make this allocation were very few, and this total—I presume 95 per cent of the total was apportioned to mail upon the percentage shown here as 7.68 per cent.

Question. Well, briefly stated, as I understand you, it amounts to this, that in making this estimate of expense the department was compelled in a great many cases to apply an arbitrary ratio, as, for instance, car-foot miles, to a great many expenses in which the mails are concerned in a very slight degree; is that your view?

Answer. That is the point.

Question. And although these tables show a net income, for instance, of 3.06 cents per car-mile for the mails, if a more accurate apportionment of the expenses could have been made, it would have resulted in a very much larger net income?

Answer. That is correct. (R. 2957-2961.)

THE RAILROADS' SHOWING AS TO MAIL COST IS MORE, AND AS TO UNIT REVENUE IS LESS, THAN THEY SHOULD OTHERWISE BE, BECAUSE OF THE USE OF RATIO INCLUDING EXCESSIVE CHARGE OF SPACE TO MAILS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, then, at the foot of column 18 of your Exhibit 6 the ratio for the mail is stated as 9.1382, and this is the result of those allocations and apportionments referred to in columns 5 and 15 and totals in your column 16?

Answer. Yes, sir. That is the final result of the ratios; and the 9.1382 represents the ratio of the total car-foot miles which we figure has been furnished for the carriage of the mail, and is the proportion of the total car-foot miles run in the passenger train service for the 30 days.

Question. Is this the ratio you have used for the mails in making your divisions in the operating expenses, where your divisions are made on the car-foot mile basis?

Answer. It is.

Question. Did you use this same ratio in determining the part of the investment in road and equipment charged to the mails in your exhibits?

Answer. Inferentially that would be so, because all expenses are based in part on them, and then, in so far as that ratio is reflected in the total expenses, that would necessarily fall, then, into the ratio as applied to the road and equipment costs.

Question. It is by the use of this same ratio that you have reached the conclusion that the revenue from the mails per car-mile is only 17.8 cents? I think that is on your Exhibit 3.

Answer. It shows on 6 also. Yes, sir.

Question. The use of the same ratio?

Answer. Yes, sir.

Question. Incidentally it is true, is it not, that such apportionment to the mails has decreased the ratios and thereby increased the revenue per car-mile for all the other classes of service?

Answer. Yes, it works just exactly in the opposite direction from what your applications did.

Question. So that while that application has been to the detriment of the mails it has been to the advantage of the other classes of service?

Answer. Yes, just exactly like you did on the other side. If I have gone wrong in any of these figures, that is—

Question (interrupting). I am just asking for the result.

Answer. Yes.

Question. Not arguing the matter.

Answer. No, but you assume that they are wrong, but I say if I am wrong then that is the result. (R. 1300, 1301.)

THE UNIT REVENUE FIGURES ON RAILROADS' EXHIBIT NO. 3 ARE UNDULY REDUCED BY THE USE OF PRORATED CAR-FOOT MILES.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). On your Exhibit 3 you have reached certain unit figures with reference to total passenger train operating revenues and expenses, express

revenues, and mail operating revenues, on the basis of the use of car-foot miles equated to a 60-foot car.

Answer. Yes, sir.

Question. Now, the effect of that is to reduce the car-mile revenue in all the classes of service which are performed in passenger trains. Is not that correct?

Answer. Yes. The relationship, of course, remained exactly the same between expense and revenue, because it affects the expense in the same way and to the same extent.

Question. Exactly, but revenue is something absolute and certain. It is money that the railroad company has actually received, is it not?

Answer. Yes, sir.

Question. And expense, as represented by these tables, is not so; it is apportioned and estimated expense, is it not, in the main?

Answer. Yes.

* * * * *

Question (by Mr. STEWART). So that, coming back to my original question, while your revenues represent actual money received by the companies and as allocated to these several classes of service performed in passenger trains, the expenses represent very largely apportioned expenses, actually made, of course, for the service as a whole.

Answer. Oh, yes.

Question. So that in that respect expenses and revenues are not really on the same basis?

Answer. Necessarily that is so.

Question. Then I am calling your attention to the fact that by the use of your 60-foot prorated car the effect of it has been—and I am not saying that it was intentional, Mr. Wettling, to produce any unfavorable result, but I am calling your attention to the fact—the effect of it has been to reduce the unit figures for revenue which are certain, and to reduce the unit figures for expense, but inasmuch as they are not on a parity, as you have just said, it does an injury to the revenue item?

Answer. No. I don't quite agree with you on that, Mr. Stewart. * * * If we had used the lesser number of car-miles when we made our final calculations on page 3 we would have shown both a greater revenue and a greater expense. The relationship would have remained the same. Now in Exhibit 10, where these apportionments are made, the car-mile situation does not come into consideration at all. We use there the actual car-foot miles, not the car-miles. So that any criticism that might be directed to the fact that the

equated 60-foot car-miles is used rather than the actual car-miles when calculating the final result would not apply to the division between passenger, mail, and express on expenses.

Question. No; I disagree with you.

Question (by Attorney Examiner BROWN). What you are driving at is this, that the real pay that the carriers received was not on the basis of 21 cents per car-mile.

Answer. That is it.

Question. You received more on some?

Mr. STEWART. That is it, and I have no reference to what Mr. Wetling is speaking of, the integrity of the other figures worked out on this basis.

The WITNESS. No; I understand that.

Question (by Mr. STEWART). But it is a fact that by using a 60-foot car you have reduced a certain and definite and ascertained revenue and you have made it appear to be a smaller amount for a unit of service than it actually is.

Answer. Why, necessarily, if you use a larger number of car-miles by adopting the equated 60-foot unit of length, than would have been the case had we used the actual car-miles. In other words, if the average car is longer than 60 feet, then we would have shown a slightly higher revenue per car-mile.

* * * * *

Question. Perhaps you will see what is in my mind more clearly if I take passenger-train revenue alone, and that excludes all consideration of the mails or express. There you have passenger operating revenue per 60-foot car-mile, 27.5 cents.

Answer. Yes, sir.

Question. Now, evidently that figure is too low, because it is computed upon the 60-foot car-mile, and if you base any conclusion upon that one element without regard to your expense, as, for instance, if you compare something with the passenger operating revenue per car-mile, you are going to go wrong.

Answer. That is true to a very limited extent in that respect, but as a matter of fact the real reason for the difference between your figures and mine lies in the fact that although we had agreed when we came to talking about passenger train car-mile operating expense, to use one certain designated revenue against which I have transcribed Exhibit No. 8, when you made your final figure you used the total passenger train operating revenues, including certain items which we had agreed to eliminate. Why, I never could quite understand, and I argued very hard against the elimination. Now, that makes a difference of

\$2,800,000. Of course, that is also reflected, then, in the car-mile rate.

Question. Now, notwithstanding the fact that you have obtained these unit figures as I have referred to, for instance, for passenger service, when you reach the bottom of your table there, and when it is advantageous to the railroad companies to use a higher unit, you abandon them, and you use the 29.29 cents.

Answer. I do, but I resent your expression of the advantageousness to the railroad company.

Question. Don't you think it is?

Answer. I have tried to express the facts. (R. 1302, 1303, 1306, 1307, 1308, 1309, 1310.)

THE RAILROADS DO NOT ACCEPT THE RULE RECENTLY FOLLOWED BY THE COMMISSION WITH REFERENCE TO DIVISION OF WAYS AND STRUCTURES EXPENSES.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, is it not true that there are many accounts under way and maintenance of structures that are not influenced in the slightest degree by this element that you have used?

Answer. By the car-foot miles or the locomotive ton-miles?

Question. Yes.

Answer. Oh, there are many elements throughout that are not directly influenced by any theory or any ratio or any plan that you might want to adopt. It is impossible to reach any single plan that would absolutely reflect the exact conditions as between every account. We make no pretense that any one of these plans would absolutely reflect that. There are, in the maintenance of way and structures accounts, millions of dollars that are not affected even by the running of the locomotive over the tracks or the running of the cars or mail cars or anything else. The weather has a great deal to do with our depreciation, or, rather, maintenance of way and structures cost. But something, some part of the traffic, must bear its share of that cost, whatever the reason is, and we know of no better way than to distribute in accordance with the use that the property has of the whole.

Question. But the commission seemed to believe that this direct train charge was a better measurement of use than the locomotive ton-mile formula. Now, what has led you to think that the locomotive ton-mile formula measures the use now better than it did in the Western Passenger case?

Answer. I don't think any differently than I did then. I still maintain the position that I held at that time. The only trouble is that the commission and I can not agree in that respect. (R. 1314, 1315.)

THE RAILROADS' EXHIBITS GIVE VALUE OF ALL RAILROADS (EXCEPT CLASS III AND SWITCHING AND TERMINAL ROADS) WHETHER MAILS WERE OR WERE NOT CARRIED THEREON.

Mr. WETTLING testified on cross-examination as follows:

Answer. You speak, now, of the total valuation that I have reached here, not the preliminary figures used by the top?

Question. (by Mr. STEWART). Yes. It covers the value as estimated by the company of all the railroad property in the United States?

Answer. Well, I don't like that word "estimated," Mr. Stewart.

Question (by Attorney Examiner BROWN). Well, it shows the book cost.

Question (by Mr. STEWART). The book cost. Any way to get at things in common.

Answer. I said that it represents that reported to the commission.

Question. Therefore it represents railroads upon which no mails are carried whatever?

Answer. Well, now, that is possible.

Question. And also represents freight roads upon which no passenger train service is performed?

Answer. It represents all the railroads in the United States, excepting only the class 3 roads.

Question (by Attorney Examiner BROWN). That would include the switching roads?

Answer. Switching and terminal roads; yes, sir.

Question (by Mr. STEWART). Could you have ascertained the dividing line there so as to have stated the proper amount?

Answer. Not with sufficient accuracy or to present figures that I would have had any great confidence in, and I did not make the attempt. It is a long study.

* * * * *

Question (by Mr. WOOD). Many of them perform switching service in connection with the mails, do they not?

Answer. Oh, yes; there are some of these switching terminals that carry some mail.

Question. Whether they carry mail under authorization or not, if there is any switching to be done or other

terminal service at terminals in connection with the mails, it is done by the switching roads?

Answer. It is the only way it can be done in places like, for instance, St. Louis.

Question. There it is not included?

Answer. Absolutely not.

Mr. STEWART. They are not mail roads.

Mr. WOOD. I know, but it is not included in these figures.

Answer (continuing). No, the switching and terminal roads are not included. I was mistaken about that when I said that it included all roads. (R. 1320-1322.)

THE RAILROADS' APPORTIONED VALUE OF PROPERTY BETWEEN FREIGHT AND PASSENGER ON THE RATIO OF OPERATING EXPENSES, BUT APPORTIONED THE VALUE OF PASSENGER PROPERTY TO THE MAILS ON THE BASIS OF CAR-FOOT-MILES, A HIGHER RATIO.

Mr. WETTING testified on cross-examination as follows:

Question (by Mr. STEWART). Now, I notice that in ascertaining the apportioned value of the property assigned to the passenger service you used the operating expense revenue, 26.58.

Answer. Operating expense ratio, you mean?

Question. Yes, ratio.

Answer. Yes, sir.

Question. But in apportioning that to the mails you used car-foot miles. Why didn't you take the operating expense ratio there?

Answer. Well, we tried to apply that ratio which would most nearly reflect the use of the property, and the purpose of the test made in April having been for the express purpose of determining the use of the property, relative use of the property in the different services, and having determined that the car-foot mile would more nearly reflect that than any other factor or method that we could devise, I thought it was perfectly fair to use that as reflecting relatively the same situation as between passenger, express, and mail which the total expenses assigned represented as between freight and passenger train service as a whole.

Question. Would not those same reasons apply to the division between freight and passenger?

Answer. Well, I have not very much quarrel with you about that. I could probably—of course it would be out of the question to get the car-foot miles on the freight and passenger, and they would not measure the service as between those two classes of service, in the first place,

but, following your theory of applying the expense ratio rather than the car-foot mile ratio, after we have determined the passenger, why, that is a matter of opinion, and I felt that the car-foot mile was proper to use, and therefore used it.

Question. It is the ratio, however, which produces the largest amount against the mails?

Answer. I didn't even test it, Mr. Stewart, so that I can not say whether it does or not. I will be glad to make the test and see, if you wish me to. (R. 1326, 1327.)

PRESENT CONDITIONS AS TO EXPENSES ARE ABNORMAL.

Mr. WETTLING testified on direct examination regarding his exhibit No. 4 as follows:

Question (by Mr. WOOD). * * * You say that the purpose is to show what that would be under Post Office Letter 504, also on the locomotive ton-mileage?

Answer. Relatively so on the locomotive ton-mile basis, also, and then for the further purpose of the exhibit to show what, under the different conditions of operating costs, would be required to meet the present abnormal conditions; that is, as compared with April, 1917. I presume some people might call them normal as of the present. There is small chance of getting far behind them.

Question. They are abnormal under present conditions?

Answer. Under the conditions as they obtained in April, 1917. (R. 1048.)

THE LOAD OF THE PASSENGER TRAIN DOES NOT
APPRECIABLY AFFECT COST.

Mr. WETTLING testified on direct examination as follows:

Yes, and those trains were not calculated in the factor of division to get the train-mile costs, you see. Now, the relationship would rather be reflected in the revenue. Under that condition we would get much more revenue per unit in train-miles, but the difference in cost would not be very much. In other words, we run a train empty or carrying passengers at just exactly the same cost. Whether we carry 60 or 75 passengers in that train, practically the cost does not change. * * * (R. 1060, 1061.)

APRIL, 1917, WAS A TYPICAL MONTH AS REGARDS EXPENSES
OF RAILROADS.

Mr. FELL, assistant comptroller of the Pennsylvania Railroad, testified on direct examination as follows:

Question (by Mr. BIKLE). Speaking with reference to the full year 1917, what would you say with regard to

April, as a typical month, in the matter of expenses? Is it a typical month, or is it below or above?

Answer. I should say that April was fairly typical. (R. 2155.)

BASIC SPACE AND FINANCIAL DATA NOT IN DISPUTE.

Mr. WETTLING testified on direct examination as follows:

The final result of these conferences, as has been shown in the statistics, was to accomplish the object that we had in mind; in other words, our basic data, which we felt was possible to bring before the commission at the hearing here, agrees both as to space and as to revenues and expenses within such a small amount as to be negligible, so that I feel, and I think the Post Office Department does, too, that as to the basic data all controversy has been practically eliminated. (R. 1000, 1001.)

THE PURPOSE OF THE STATISTICAL STUDY WAS TO DETERMINE THE COST OF PERFORMING THE SERVICE.

Mr. WETTLING testified on direct examination as follows:

Question (by Mr. WOOD). What was the primary purpose, Mr. Wetting, of this statistical study?

Answer. Necessarily the primary purpose of the study was to determine the cost of performing the service and then from that measure the revenue, as to its adequacy or inadequacy. (R. 1009.)

DEPARTMENT OBJECTS TO STATISTICAL AND ORAL EVIDENCE AS TO EXPENSE BASED UPON PERIOD SUBSEQUENT TO SELECTED STATISTICAL PERIOD.

During the examination of Mr. Wetting, Mr. Stewart made the following objection:

Mr. STEWART. Mr. Examiner, I now repeat what I said with reference to Exhibits 4 and 6. I have deferred any objection to these until the witness has had full opportunity to explain their purpose. Therefore I have waited until he has finished his explanation with reference to Exhibit 6, which I say is necessarily a product of No. 4.

I now enter objection to the reception and consideration of such part of Exhibit 4 as relates to any estimate based upon a period subsequent to the statistical period as being incompetent, irrelevant, and immaterial, and as being practically in violation of the agreement and understanding made between the Post Office Department and the railroads, with the concurrence of the representative of the

Interstate Commerce Commission, that statistics submitted in this case should be as of the statistical period March 27 to April 30, 1917.

I also object to all of the testimony which has been offered by this witness on these points.

Attorney Examiner BROWN. Your objection is noted and you may argue it in your brief.

Mr. STEWART. Mr. Examiner, I also wish to move, on the part of the Government, to strike out from the record, or that the commission may strike out from the record, all the matters to which I have referred, for the same reason.

Mr. WOOD. On behalf of which department, Mr. Stewart?

Mr. STEWART. The Post Office Department, of course. (R. 1136, 1137.)

Also with reference to express and less-than-car-load freight rates and comparative statistics:

Mr. STEWART. The Post Office Department wishes to enter objection with reference to such of these exhibits as have been mentioned with respect to any computations based upon any rates or statistics other than those applicable to the statistical period. That will apply to all of the exhibits.

Attorney Examiner BROWN. Very well. (R. 1182.)

DEPARTMENT LETTER OF INSTRUCTION 504 WAS PREPARED AFTER CONFERENCE BETWEEN THE REPRESENTATIVES OF THE DEPARTMENT AND THE RAILROADS IN WHICH THE MATTERS WERE DISCUSSED.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Referring, now, to your Exhibit No. 3, the first half of that, you refer at the top to Letter of Instruction 504 of the Post Office Department. I think on your direct testimony perhaps you were not quite exact with reference to the preparation of that letter. Is it not true that that was prepared by the department after the close of the conference between the representatives of the railroad companies and the department, in which these various subjects were discussed?

Answer. Yes, sir. I did not mean to be understood differently as to that. (R. 1302.)

POST OFFICE DEPARTMENT'S PROPOSED PLAN.

[For full statement of Post Office Department's proposed plan, see Digest of Post Office Department Exhibits, No. 76, p. 95, supra.]

REGULAR AUTHORIZATIONS, PARAGRAPH 1.

Mr. BRAUER testified on direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Brauer, will you take it up, section by section, and state very briefly what it is?

Answer. Take the first section:

All regular authorizations for full railway post-office cars, apartment railway post-office cars, and full storage mail cars may be changed or discontinued at divisional points in accordance with the needs of the service; and for this purpose a divisional point is defined as one where the railroad company performs switching service in connection with passenger train service, but a change in an apartment car authorization may not be made at such point when the operating conditions of the train in question will not permit it.

Now, that, as I would define it, differs from the present practice, in that it would remove the objection of a change from a 30 to a 15, as is now being done, where the operating conditions will not permit it.

Question (by Attorney Examiner BROWN). Well, you call all regular authorizations for full railway post-office cars——

Answer. That is a 60-foot car.

Question. A 60-foot car?

Answer. Yes.

Question. The post-office railway cars, the full storage cars, and the apartment railway post-office cars may be 30 or 15 feet?

Answer. Yes, sir. Now, the change in the 30 to the 15 may not be made at any divisional point if it interferes with the operation of the train service.

Question. Now, what do you mean by that?

Answer. Well, these instances that have been cited by the witnesses—for instance, down, I think it was, on the Illinois Central, some place down in Louisiana, they went from a 30 to a 15, and I think it was demonstrated that there was only 15 or 5 minutes' dead time, and it would have necessitated the transfer of the mail and the baggage from one train to another, without any labor facilities, without any change, really, in the operation of the car, delaying the train. Now, there are very many of these cases. I think Mr. Gaines was asked about several of these cases, and asked if those are not typical of conditions all over. (R. 3386, 3387.)

THE INTERSTATE COMMERCE COMMISSION SHALL DEFINE CONDITIONS UNDER WHICH APARTMENT CAR CHANGES MAY BE MADE.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Now, Mr. Brauer, in connection with this post-office plan, I would like to ask you under your rule No. 1, wherein does that differ from the practice which the Post Office Department now pursues?

Answer. Well, it puts it up to the Interstate Commerce Commission to define divisional points.

Question. Well, if the Interstate Commerce Commission should adopt that rule as it reads, wherein would the rule differ from the present practice of the Post Office Department?

Answer. Well, as stated by your witnesses and our witnesses on cross-examination, we have not paid much attention to the changing of apartment cars, a 30 to a 15, excepting as to meet the needs of our own service. Now, then, we wrote in there that such a change may not be made when the operating conditions of the train in question will not permit it. (R. 3462, 3463.)

OPERATING CONDITIONS PERMITTING CHANGES OF UNITS OF APARTMENT CARS.

Mr. BRAUER testified regarding the conditions at Casper on the Chadron and Lander run, that it is a divisional point; that there is 25 minutes dead time, being ample time to make the transfer of the mails from one car to another; that the railroad has the men there to do it (R. 3479); and stated with reference to possible action that would be taken under the new rule, as follows:

Question (by Mr. WOOD). Now, then, I take it that you think that that authorization would remain as it is, and you would cut down—

Answer (interrupting). I would not know, of course, just what the rules of the commission would be. As a matter of fact, whatever those were, of course we would follow them.

Question. Mr. Brauer, don't you see that that does not help us any?

Answer. They have 25 minutes dead time there. They have ample labor. It don't amount to much. The difference between the 30-foot car and the 15-foot car does not amount to much.

Question (by Attorney Examiner BROWN). That is, if they would run the 30-foot apartment through from Chadron to Lander?

Answer. Yes. It is a very small item. It is a three or four hour run down there.

Question (by Mr. WOOD). Now, then, if this rule were in effect as it is proposed by you, what would you do with that run? Would you run the 30-foot car through or would you reduce the authorization to 15 feet, as you do now?

Answer. I would go out there, Mr. Wood, and if the change was practicable—you are asking me what I personally would do—I would ask the railroad representative to make a joint investigation with me, and if we could make the transfer there in compliance with the rules I expect will be laid down, I would cut the authorization as it is cut now. (R. 3480, 3481.)

* * * * *

If it was left for me to decide I would go out personally, if you please, and find out just exactly what the operating conditions are. Now, if I felt that I was inflicting an injustice upon the carrier by asking for that change, even though the dead time is ample—25 minutes is ample; I can probably transfer the stuff alone in that time—I know that I would authorize it through. Now I would rather be governed by a set of rules made by the commission. (R. 3483.)

Question. Now, what sort of practical rule do you suggest should be made by the commission in order to fit a case like this Chadron and Lander case, in order to be a guide for you and for us and for the commission?

Answer. It will have to take the conditions into consideration, all conditions—the character of the train, whether it is a train like this one on the Chadron and Lander run, a slow local train, or whether she is a fast through train. It will have to take into consideration the character of the divisional point, whether it is simply a water tank or whether it is a good town, plenty of help, the amount of mail or express to be taken on at that point. I think that is a big item. You can often make a change from one car to another at a point and make time by the fact that you have loaded into the car that is standing there stuff that has accumulated at that point. (R. 3484, 3485.)

Question. Well, now, how do you think it should read, and what do you think should be included in it?

Answer. I will leave that absolutely to the commission. I have suggested, in just a broad way, what I think should

be taken into consideration; but those things would appeal to any man without my having made the suggestion. (R. 3487.)

Question. And you would not care to undertake to suggest on the stand what practical provisions should be written into that rule in order that it may be a definite rule?

Answer. No. I think the commission will take care of that.

Question. And you have not anything to suggest to the commission in that regard?

Answer. Well, I have made suggestions as to what I thought should be taken into consideration, then the rules made along that line. Now, I can not go into further details on that.

Question. As I understand your suggestion it amounts to this, that the rule should be that there should be taken into consideration the character of the train and the time consumed and the availability of the transfer forces, and the volume of the mail—

Attorney Examiner BROWN. No; that is not as far as he went. He went further than that. He said where it would interfere with the schedule of the train, where they didn't have men there to perform the service. There were quite a number of things might occur, but those are two that you have not included among his suggestions that he made yesterday. (R. 3488, 3489.)

* * * * *

Attorney Examiner BROWN. Why, gentlemen, when you come to think about it, in a case of the magnitude of this, when the commission issues an order in this case and it is put out and tried in actual practice, * * * I would be justified in expressing the opinion that when you come to operate it you will find it inequitable in some respects, and you will have to come back to the commission to get it changed. That is about the size of it. You can not fit every condition that is going to arise. It is a physical impossibility. The commission can not do it.

Mr. WOOD. That is so, it seems to me.

Attorney Examiner BROWN. Now, that being so, we have got to try it first; then if the thing does not work right, if it is inequitable and unjust to the carrier or inequitable and unjust to the Government, why, they will have to come to the commission, reopen the case, and say, "Here is a situation that you did not think about. Here is a situation that is unjust, and we want to change it this way." (R. 3492, 3493.)

Answer. I don't think it will be difficult for the commission to issue an order that will be lived up to and that will fit 99.99 per cent of the cases. Now, that is my opinion. I am not going to say how I would write that rule, nor I am not going to sit down here and try to write any rules. It is too big a job on a minute's notice.

Question (by Mr. Wood). You are not going to make to the commission any suggestion?

Answer. I have made that.

Question. You are not going to suggest what the rule should be which would fit these ninety-nine out of a hundred cases?

Answer. I am not going to suggest any rule to the commission. The examiner asked me, I believe, what to take into consideration, and I made a few suggestions. (R. 3494, 3495.)

CHANGING FROM 60-FOOT CAR TO 30-FOOT APARTMENT.

Mr. BRAUER testified on cross-examination as follows:

Answer. Oh, it does not affect the transfer of baggage and express. That is the big thing. You take and switch in a 60-foot car; it is simply a switching operation, a very different operation. (R. 3510.)

Answer. Well, briefly, we hold this, that where a company performs switching in connection with one or more trains, passenger trains, it appears to us that they could perform it in connection with other trains. Now, in the cutting out of a 60-foot car it is a very easy operation, * * * I know it is very important that the department have the right to say where the car is to be cut out. Now, we do let them run through. We do not insist upon the change where it is not necessary at all. (R. 3511, 3512.)

* * * * *

Answer. I think the Post Office Department, because of the importance of the mail handled in a 60-foot car, because of the nature of the service, ought to have the right to say where she shall be cut in or out. (R. 3514.)

AUTHORIZATIONS OF CAR UNITS LESS THAN FULL CARS WILL BE MADE, AS AT PRESENT, ONLY AT DIVISIONAL POINTS.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. Wood). In connection with the units of space authorization less than full car, what is the proposition of the Post Office Department as to the points between which those authorizations should be made?

Answer. Divisional points. (R. 3573.)

DISCUSSION OF DEPARTMENT PLAN, PARAGRAPH 1.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. Wood). I say would you expect the railroad company to actually change the car from a 60-foot to a 30-foot when the 30-foot baggage end would be of no use to them at this assumed division point where the authorization is reduced?

Answer. That would be up to them, Mr. Wood.

Question. As a matter of common sense you would expect them to run that 60-foot car through, would you not?

Answer. Well, I don't know as I can answer that question. There is another point. It all depends upon the carrier. A great many of these carriers are very short on 30-foot cars. Because why? Because in the old days they built 60-foot cars and ran them where there was not anything but a 30-foot needed, and for which they got no compensation at all except that which they got for the weight of the mail, and they built those 60-foot cars and they run those 60-foot cars with the anticipation that with the growth of the country they would grow into a 40 or 50 or 60, and I think it was good business; but do you think that the Government should pay for a 60-foot car while they are waiting for the country to grow up? I don't.

Question. Well, now, going back, Mr. Brauer, to my question; here is a line from Omaha to Denver on which you had in a 60-foot car as far as McCook.

Answer. Yes, sir; that is the authorization.

Question. And at McCook you reduced that authorization from 60 to 30. The railroad company operates that car through. If they put in an apartment car with a 30-foot baggage end it would not be of any service to them. Now, certainly, you would not expect them, under conditions of that kind, to cut that 60-foot car out and put that 30-foot apartment car with a 30-foot baggage-end in, would you?

Answer. I know, sir, that on that Denver run, that under the weight basis a 60 was operated for a 40 authorization, from Omaha to McCook, and a 30 authorization with no pay, except the weight of the mail from McCook to Denver, and the company operated the 60s on both of those trains, and have ever since I can remember. I know that from McCook west we don't need a 60 at the present time. (R. 3515-3517.)

**PARAGRAPH I OF POST OFFICE PLAN AS APPLIED TO
FULL RAILWAY POST-OFFICE CARS DOES NOT DIFFER
FROM PRESENT PRACTICE.**

MR. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Still speaking of your rule No. 1 and applying it now to the full railway post-office car, in what respect does it differ from the present practice of the Post Office Department?

Answer. It does not differ at all. Full railway postal cars handle important mail. If you want to know my personal opinion on it, I don't think that it is any hardship to cut out a full railway postal car where a company has switching facilities, and full railway postal cars is space we need to get started in before the trains that they operate on arrive, and I think that the department most certainly should have the right to say where a full railway postal car shall be cut in or out. They pay for all the space in it. It is authorized, and there is no question in my mind that they ought to have all the say as to where that should be handled.

* * * * *

An apartment car is a car that we use in conjunction with the baggage and express. It is only fair that we give consideration to them when we ask for the use of that car. We do ask for it to be set in ahead of time at the initial point. That is not unreasonable, and we don't ask, and I would not ask, that an apartment car be cut out that is run from Chicago, say, through Omaha, to Colorado Springs. I don't ask them to cut those cars out. But a full car is a different proposition, easily understood. (R. 3509, 3510.)

**THE DETERMINATION OF CONDITIONS UNDER WHICH
THE CHANGES FROM A FULL CAR SHALL BE MADE
SHOULD REST WITH THE DEPARTMENT.**

MR. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Now, Mr. Brauer, as I take it, your proposition is this: You are willing that operating conditions may be taken into account under rules to be prescribed by the commission in the changing of authorizations in apartment cars?

Answer. Yes, sir.

Question. But you are not willing that operating conditions shall be taken into account and rules prescribed by the commission in changing authorizations en route on full railway post-office cars?

Answer. That is correct.

Question. Except that you do provide that that shall not be done except at a divisional point.

Answer. That is right.

Question. Now I am not yet clear as to what a divisional point is. Does it include a place where a train changes engines and crews, even though there may be no switching done there?

Answer. A divisional point is defined as one where the railroad company performs switching service in connection with its passenger train service. Yes, where they change engines, certainly.

Question. That is switching service?

Answer. Oh, yes.

Question. And if the switching service is done on any train it is a divisional point for all trains?

Answer. Passenger trains; yes, sir.

Question. And if any passenger trains change engines there it is a divisional point for all passenger trains, whether the particular train in question changes engines there or not?

Answer. That is the substance.

* * * * *

Question. What would be the situation where a car is simply cut off from the rear end of the train? Is that a divisional point?

Answer. That has been held as a divisional point; yes, sir.

* * * * *

Question (by Mr. Wood). Under the Post Office Department's proposal if there was a local train that operated between two points 100 miles apart within the actual division points of a fast-mail train, let us say, which did not change engines except every 250 or 300 miles, the fact that there was switching done on that local train between those two points would make each of those points a division point. That is my understanding of the plan. That is correct, is it not, Mr. Brauer?

Answer. That is correct.

Question. Now, what about a place where a car is simply cut off the rear end of the train and there is no switching done in connection with the train while the train is in the station?

Answer. I think you refer to the case down at Wichita?

Question. Yes.

Answer. That has been held as a divisional point.

Question. And that the department would construe to be a divisional point under this rule?

Answer. There are ample switching facilities there at Wichita.

Question. Well, did you hear the testimony of Mr. Searle about that?

Answer. Yes, sir.

Question. That the switching could not be done while the train was there without very great delay and inconvenience? They simply cut the car off, uncouple it, that is all they do, but that makes a divisional point out of it under this rule?

Answer. Yes, sir.

Question. And the same thing is true at Colorado Springs, where there is only a single track in the station. They cut off a car there, leave it. In order to do any switching they would have to go down into the yards several miles.

* * * * *

* * * I think all they do is to cut the car off and leave it there; after awhile, as the regular operation of that railroad terminal makes it possible, some switch engine comes and gets the car. That is a division point at which these authorizations may be changed?

Answer. Yes, sir. (R. 3542-3546.)

**INTERESTS OF GOVERNMENT SHOULD BE CONSIDERED
IN CONNECTION WITH CHANGES OF AUTHORIZATION
AT DIVISIONAL POINTS AS COMPARED WITH MINOR
EXPENSE TO THE RAILROADS.**

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Mr. KNOX, just a question. In reply to one of Mr. Wood's inquiries, I think it might be inferred that you thought the operating conditions of the railroads were not of sufficient importance to be considered in connection with the changes that might be made under paragraph 1. Now, I want to ask you whether it would not be more in accordance with your application to say that where changes would be made under paragraph 1, the primary consideration would be given to the needs of the Railway Mail Service and the Postal Service; that, so far as the divisional point is concerned, and the conditions of railroad operation, it would be presumed that they could be readily adapted to those needs?

Mr. WOOD. You do not want him to answer that question, certainly?

Mr. STEWART. Answer it. I will leave it to Mr. Knox.

Answer. I should say, in relation to the answer to that question, that I had in mind testimony offered yesterday

in questions asked, in which it was suggested that the witness, in stating that a 60-foot car should be set out of a train at a certain point and a 30-foot apartment, with 30 feet storage, substituted, a witness was asked whether he knew that the switch engine was not on duty at that hour, and also whether or not he knew that it would cost the railway company quite a bit to have the regular train engineer and train crew perform the switching service in the absence of a switching crew. It is my opinion, in relation to the matter, that the interests of the Post Office Department, which is conducting a public service, should be considered before any minor expense that the railroad company might come to in relation to changing these apartments.

For instance, at Alliance it might cost the railroad \$100 a month, including everything, to change from a 60-foot to a 30-foot apartment. It would cost the department from \$30,000 to \$40,000 per year for some useless space to send that car through to Billings, and if that car was sent through to Seattle, which it could be in relation to the train run, it would come up to \$100,000.

Therefore, to consider these small extra expenses of the company, and even a short delay to a train, as against the public interest, which the Post Office Department is taking care of, I think is absurd.

Question. That is what you meant by your answer to Mr. Wood?

Answer. That the railroad's interest in those cases is not of sufficient importance to be considered in connection with the Post Office Department's. (R. 3704, 3705.)

EMERGENCY AUTHORIZATIONS, PARAGRAPH 2.

POST OFFICE DEPARTMENT PLAN AS TO EMERGENCY UNITS RECURS TO ORIGINAL PLAN OF HANDLING, BY DEPARTING FROM THE COMBINING OF UNITS.

Mr. BRAUER testified on direct examination as follows:

"All units of space needed to supplement regular authorizations of space shall be units of 3, 7, 15, or 30 feet, without duplication or grouping, and such units shall be discontinued, increased, or decreased at any point where a fluctuation in the volume of mail carried permits of a change from one unit to another."

Now, we do not have any emergency units in distributing space. There is no such thing, except as it may happen accidentally. All distributing space is regularly authorized, but this second paragraph brings us back to where we were before the issuance of letter 123.

Question (by Attorney Examiner BROWN). That permitted of the combination of those units?

Answer. Yes; letter 123 permitted a combination of those units. I think all the railroad men understand that. I believe Mr. Dempsey, when he was on the stand, commented on that as being a satisfactory proposition. (R. 3392, 3393.)

AUTHORIZATION OF EMERGENCY UNITS WILL BE MADE ON THE 3, 7, 15, AND 30 FOOT BASIS.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Passing, Mr. Brauer, to section 2 of the Post Office Department plan, am I right in assuming that that means that for the existing emergency authorization which may be made by grouping the several units in the 57 varieties covered by the department's order, the emergency unit to be authorized in addition to the regular authorizations shall be confined to 3, 7, 15, and 30 feet, so that if more than 3 feet is required 7 must be authorized, if more than 7 feet is required, 15 must be authorized, and if more than 15 feet is required 30 feet shall be authorized? Is that what that means?

Answer. That is correct.

Question. Now, then, you have abandoned the plan proposed by the department earlier in the case to apply the groupings to the regular authorizations as well as the emergency?

Answer. I don't know of any plan.

Question (by Attorney Examiner BROWN). Other than this, you mean?

Answer. Other than this.

Question (by Mr. WOOD). Now, at page 435 of the record—

Answer. Let us understand this. You say that it was planned to group the distributing authorizations? Is that what I understand?

Question. No; the plan to permit the regular storage authorizations to be grouped without regard to these steps from 3 to 7, from 7 to 15, and from 15 to 30, in the same way in which the emergency authorizations are now grouped.

Answer. I didn't understand that at all. But if you understand that and understood that such was the plan, it is not correct.

Question (by Attorney Examiner BROWN). Whatever was said is merged in this plan?

Answer. It is merged in there, Mr. Examiner. (R. 3581, 3582.)

Question. Well, have the evils of the grouping system been apparent to the officials of the Post Office Department only as they have been brought out in the conduct of this case?

Answer. I am satisfied, Mr. Wood, that if one-hundredth part of the complaint that has been made to the examiner here had been made to the department it would have been cut out long ago. But you saved it all up to bring down here.

Question. Well, we have had letters of protest read here. They don't seem to get any very great response from the Second Assistant Postmaster General.

Answer. Well, now, I will tell you. There is no doubt but what you could show on trains all over this grouping of emergency. It does not amount to anything. The carrier got the pay for it. There was a lot of bookkeeping and so help me I never heard of a case in my division until I came down here.

Question. Now, if it is such a nuisance to take care of it, why did you—

Answer (interrupting). It has not been a nuisance. It has been all right in its way. But it is better done away with. We are going back to first principles. This has been a big proposition. It was new to us, all new to the Railway Mail Service, new to the carrier. It has been two years working out. It does work. The two years that we have gone through have been the hardest we ever have gone through on account of war conditions, and this step plan is a very, very small per cent—2.81 is the percentage of the emergency authorization. (R. 3584, 3585.)

EMERGENCY AUTHORIZATIONS, PARAGRAPH 3.

AUTHORIZED UNIT OF STORAGE OR CLOSED-POUCH SPACE COMBINED WITH EMERGENCY UNIT, ETC.; INTENDED PRACTICE UNDER PARAGRAPH 3 OF DEPARTMENT'S PROPOSED PLAN.

Following extended discussion the previous day during the cross-examination of Mr. BRAUER, the following proceedings occurred the next day:

Mr. STEWART. Mr. Examiner, before proceeding further, I wish to suggest the following change in paragraph 3 of the suggestions of the department which were under consideration when the proceedings closed last evening.

Paragraph 3 reads:

“Whenever a regularly authorized unit of storage or closed pouch space, combined with an emergency unit,

necessitates the use of more than 30 feet of linear space in a baggage or storage car furnished exclusively for the use of the mail," etc.

And the change I suggest now is to make it read:

"Whenever a regularly authorized unit of storage or closed pouch space, combined with an emergency unit, necessitates the use of more than 30 feet of linear space in a baggage or storage car *used* exclusively for the mail"——

Mr. WOOD. "Used exclusively." You cut out the words "for the use of" and change the word "furnished" to "used"?

Mr. STEWART. Yes; cutting out the words "for the use of" and changing the word "furnished" to "used," so as to clear up the ambiguity which seems to exist in the phraseology, and which led to some confusion yesterday in the discussion of what it was intended to mean. Mr. Brauer will explain it.

* * * * *

The WITNESS. I want to explain, Mr. Examiner, that in my testimony yesterday, just before the close, I had misinterpreted paragraph 3, as it referred to cars already in the consist, and I want to frankly state also that it was my misinterpretation, and not a change in the department's intent as to this rule.

The paragraph is intended to cover an instance as was recited here by the carriers' witness, on Missouri Pacific 13, where the regular consist had a baggage car that carried 30 feet of mail, and where emergency was offered to fill the car, and, under the rules under which we have been working, this 30 feet additional was paid for but one way, making a whole car paid for but one way. This change would authorize that car in that instance through to destination and back, and any other cases of that kind. (R. 3631-3633.)

Thereupon Mr. BRAUER testified on cross-examination as follows:

Answer. This covers a case where the linear feet used in a car furnished exclusively and used exclusively for the mail may be in the consist of the train, and it goes over 30 feet. The car will be paid for in both directions, and no change made except as provided in paragraph 1.

Question (by Attorney Examiner BROWN). That is to say, if he had 30 feet, and then there was 3 feet of emergency or 7 feet of emergency——

Answer. Yes.

Question (continuing). Then you would pay for 60 feet all the way through?

Answer. Yes.

Question (by Mr. WOOD). Well, that is not an answer to my question. I say what you now propose, assuming that it means what it purports to mean, is a direct reversal of the previous rulings of the Second Assistant Postmaster General in this class of cases.

Answer. Well, if you want to put that construction on it, Mr. WOOD. I do not see how it is a reversal. It provides for this class of cases.

Question (by Attorney Examiner BROWN). Well, the effect of it would be to change your practice, would it not?

Answer. Certainly.

Attorney Examiner BROWN. That is what he is asking you on that.

* * * * *

Question. If you have a regular authorization of 30 feet in a car, and then there is an emergency unit combined with that, the department will pay for a 60-foot car?

Answer. Yes, sir.

* * * * *

Question (by Mr. WOOD). Then, I understand further that, under this rule, if we have a regular authorization, we will say, of 30 feet, or any number of feet, which is accommodated in the baggage car, along with baggage and express, and then there is an emergency authorization made of 15 feet or 30 feet, and that 15 feet or 30 feet is put in a car by itself, used exclusively for the mail, the Post Office Department will pay only for the 15 or 30 feet, and only in the one direction. That is right, is it not?

Answer. In a special car?

Question. Yes, sir.

Answer. That has never been the rule, Mr. WOOD.

Question. That is exactly what has been ruled on our train No. 9 in that case I referred you to yesterday.

Answer. Well, that was wrong, as I stated.

Mr. STEWART. That was early—

The WITNESS. Yes; that was early in the space system, and it was wrong.

Mr. STEWART. It never has been the practice since.

The WITNESS. It never has been the practice.

Attorney Examiner BROWN. It is not the practice now?

The WITNESS. No, indeed.

Question (by Mr. WOOD). Then let us find out a little bit more about this. On our famous example of yesterday, 30 feet authorized regularly from Omaha to North Platte.

Answer. Yes.

Question. Thirty feet regularly authorized from North Platte to Cheyenne.

Answer. Let us make it from Omaha to Cheyenne.

Question. All right; make it Omaha to Cheyenne, then. Fifteen feet emergency from Omaha to North Platte.

Answer. Yes.

Question. How far does Rule 3 apply in that case?

Answer. That carries the 60-foot car to North Platte.

Question. Even though the car itself may be operated clear through to Cheyenne, without anything but mail in it?

Answer. Yes, sir; North Platte being a division point.

Question. Yes?

Answer. Under paragraph 1, the department rules change the authorization to full storage cars at divisional points only.

Question. Well, your emergency authorizations may expire independently of the location of division points?

Answer. This would become an emergency, 60-foot car.

Question. Well, emergency authorizations expire, according to your rule, any time.

Answer. Only the smaller, Mr. Wood.

Question. I do not think it is so stated.

Answer. Yes; it says—I will read it to you—emergency units of 3 feet, 15 or 30 feet. (R. 3634, 3636, 3638-3640.)

* * * * *

Question. Now, your rule No. 3?

Answer. I think that is a fair proposition.

* * * * *

Question. Well, you have a program here which, as I understand it, contemplates that if there is a regular authorized storage unit of 30 feet and then on some day of the week 3 feet more are required, the Post Office Department expects to authorize 60 feet, or a full car, and pay for it in both directions?

Answer. Put it the other way; we only have a 3-foot authorization, and along comes 30 feet of mail. The Post Office Department expects to authorize a 60-foot car through.

Question. It is the same thing either way?

Answer. Either way. (R. 3586, 3587.)

* * * * *

Question. * * * Now, there might be some room for interpretation here. Here you have this kind of a case. We might just as well make it hypothetical, because all I am trying to find out is how the rule would apply.

Answer. Let us have an everyday case, then, something that happens every day.

Question. Well, I don't know whether I can give you anything that happens every day or not, but we have a regular storage authorization between A and B of 30 feet, and a regular storage authorization between B and C of 15 feet. Now, that is not an unusual happening, is it?

Answer. No.

* * * * *

Question. Now, then, you authorize from A to B, 15 feet additional of storage from A to B, emergency, in a car that already has a 30-foot authorization. That makes 45 feet out of a possible 60.

Answer. No; I would not authorize it that way. I would authorize this 60-foot car in lieu of the regular authorization. That is the practice that is being followed right along. (R. 3589, 3590.)

Question. * * * Now, this provides that wherever a regularly authorized unit of storage or closed-pouch space combined with an emergency unit necessitates the use of more than 30 feet of linear space in a baggage or storage car furnished exclusively for the use of the mail a 60-foot car will be requested, and so forth.

Now, Mr. Stewart has a number of times pointed (out) that emergency units are only authorized when they can be taken care of in the regular consist of the train.

Answer. That is true.

Question. Now, I assume that that means that they will be taken care of, then, where the regular authorization is less than 60 feet and is accompanied by an emergency authorization, that they will be taken care of in a car which, as I understand, * * * would be regarded not as a car operated exclusively for the use of the mail, but as a car making up a part of the regular consist of the train, even though it may be the contention of the railroad company that day in and day out they would not have that car except for the mail. Am I right?

Answer. I don't quite understand your question, but let me see if this answers it:

Suppose we have got a train leaving Omaha and there is 30 feet of mail in the baggage car and the company carries it in the baggage car with the baggage and express, and * * * 3 feet emergency comes along, and there is room in the baggage car for that 3 feet in connection with the baggage and the express; we would not authorize a 60-foot car.

But suppose that train starts out and the 30 feet of space is there, going to Cheyenne, and we get 3 feet, or 7 feet, or 15 feet more, and there is no room in the baggage car

for it, and that mail goes; it is a 60-foot car. Now that is as plain as I can make it.

Question. Now, that does not cover, Mr. Brauer, the kind of a situation that I have in mind, and I think it is an important situation. The kind of a situation that I have in mind is this:

There is a regular authorization of 30 feet between two points, we will say A and B, and * * *

* * * * *
the railroad company, in order to comply with that regular authorization, furnishes a 60-foot car, and it does not use the other 30 feet. Now, then, it does not get pay for more than 30 feet under your plan? It only gets the pay for the regular authorization of 30 feet in one direction and nothing coming back?

Answer. That is correct.

* * * * *
Question. Now, there is a car, then, that is in that train, in the regular consist of it, accompanied by a regular authorization of 30 feet, but without any additional traffic in the car.

Answer. Thirty feet to Cheyenne.

* * * * *
Question. Now we come along and to-morrow an emergency authorization of 3 feet or 7 feet is attached to the movement of that car, * * * increasing the space beyond the 30 feet of linear space which was otherwise vacant.

Answer. Yes.

Question. Will that be regarded, then, as a car furnished exclusively for the use of the mail, and a full 60-foot car authorized, or is it the position of the Post Office Department that as there is still additional space in that car, which is a part of the regular consist of the train, which the railroad company could use if it had anything else to put in it, that it is no concern of the railroad company (Post Office Department) that there is nothing else put in it, and that consequently that car will be treated as a 30-foot authorization plus 3 feet or 7 feet of emergency instead of a special 60-foot car, under your rule 3? Now, which would it be?

Answer. I say, if that mail went and the company was required to furnish that car for that mail, it would be paid for in both directions, providing the railroad company did not use it. Now, you explained a case there where they didn't use it, as I understand. (R. 3591-3594.)

Question. Well, if you would authorize the 60-foot car under those conditions, then why shouldn't you authorize and pay for a 60-foot car in both directions on those days of the week in which the authorization is confined to the 30-foot regular authorization?

Answer. Because I don't need it.

Question. It is exactly the same situation in both cases.

Answer. No; you are talking about a lot of emergency mail.

Question. I am talking about a car which, whether with or without emergency, carries nothing but mail.

Answer. That is not right.

The REPORTER (reading). "Well, then, it would not be right in such a car if you just had 3 feet over the regular authorization with 27 feet left to the railroad company, to expect the Post Office Department to pay, under your rule 3, for 60 feet in both directions, would it?"

Answer. This is an emergency proposition.

Question. So far as the railroad company is concerned——

Answer (interrupting). If I had 3 feet of mail and all my other mail in the baggage car, 3 feet of emergency mail and it was absolutely necessary that that mail had to go, it would take a 60-foot car to haul the 3 feet. But here is what you are doing. You are charging up all this space against the mail. As I say, when we have a 30-foot authorization in a train, that is one thing that you do know. You know that the department has a right to 30 feet of that space in those baggage cars, whether you use it or not, or whether the mail uses it or not. Now, why insist upon any further putting on an extra car and charging it up to the mail? It is not right. (R. 3595, 3596.)

EMERGENCY AUTHORIZATIONS, PARAGRAPH 4.

THE DEPARTMENT'S PROPOSED PLAN UNDER PARAGRAPH 4.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Now, under your rule 4, do these authorizations, when they are exceeded 60 per cent, require the going to the next higher unit—does that apply to authorizations in one direction or in both directions?

Answer. In the case of the 60-foot car, it would immediately go in both directions.

* * * * *

Answer. If we had a 30-foot authorization and 60 per cent of the time we had to have an emergency unit, we would jump that to a 60-foot authorization, under this rule.

Question (by Attorney Examiner BROWN). And immediately you would get paid in both directions?

Answer. In both directions.

Question (by Mr. WOOD). Now, suppose you had a 15-foot apartment car, and you had emergency authorizations for storage units, and they continued for 60 per cent or more of the trips, would this rule call for an authorization of a 30-foot apartment car, or would it call for an authorization of a regular storage unit?

* * * * *

Answer. It only refers to regular storage authorizations—closed-pouch authorizations. * * * We have no emergency authorizations in apartment car service.

* * * * *

Question (by Mr. WOOD). I say that this rule 4 here does not take into account apartment car or railway post office authorizations which are accompanied by storage; it only applies to the storage, as I understand you.

Answer. That is what I said; yes.

Question. I understood you to say just the opposite. Well, what is going to be the rule when you have an apartment car authorization accompanied by emergency storage authorizations in excess of 60 per cent of the time? Then, what rule applies?

Answer. The apartment car part of it has nothing to do with it. The storage is a separate proposition. If I had 3 feet of storage unit in the baggage car, and 60 per cent of the time it required emergency, it would go to a 7. When the growth of the mail brought that up, so it began again it would go to 15. Now, the apartment car does not enter into it.

* * * * *

Attorney Examiner BROWN. Under this rule, they would not be affected—either the apartment or the railway post-office cars.

Question (by Mr. WOOD). Do you propose any rule at all in connection with the conditions and circumstances under which an authorization of apartment and full railway post-office cars shall be increased to the next higher unit?

Answer. The distribution of the mails governs that.

Question. Well, that is quite independent, then? The railway post office and the apartment car authorizations, under your new scheme, are to be quite independent of the storage units which may accompany them?

Answer. The rule under which that is governed is the same as it stands at present. We have not made any change in it. Rule 22 provides that if the carrier furnishes

an oversize car and a storage unit is hauled in that car, in both directions, the department will authorize the larger car. That is the case exemplified by 7 and 8 on the Rock Island out of Omaha. In that case, we require no more than the distribution facilities of a 30-foot distributing car, but there is storage mail in both directions from Belleville on. The car is authorized to Phillipsburg and return.

Question. Now, your rule 22, as I understand you, continues in effect, and provides that where a 15-foot apartment car is sufficient for the distribution needs of the round trip, and 3 feet or 7 feet of space additional to the 15-foot apartment space is needed in both directions, a 30-foot apartment car will be authorized.

Answer. Yes, sir.

Question. A similar rule will be followed in the case of the 30-foot cars; that is, you mean 60 feet will be authorized?

Answer. Yes, sir.

Question. So you depart in your authorizations of distributing cars from the rule which looks to the distributing requirements of the department only?

Answer. Yes, sir.

Question. And consider the storage space that will also be required?

Answer. Yes, sir; in both directions. (R. 3653-3658.)

OVERSIZE CARS, PARAGRAPH 7.

THE DEPARTMENT'S PROPOSED PLAN, PARAGRAPH 7.

Question (by Mr. Wood). Now, what is the meaning of paragraph 7 of your plan?

Answer. "Whenever an oversize car is furnished, storage units may be authorized therein on the basis of actual measurement."

We authorize them therein now on the basis of count, excepting in the case of the Pennsylvania 70-foot cars, where they have been measured. That is what it means. We will measure the storage space oversize if the company sees fit to run oversize cars—we will measure the space we are entitled to, and use that only, but if we do use more than we are entitled to in that car, we will pay for it as regular units.

* * * * *

If we have an oversize car, it is proposed that we measure what we are entitled to there, be it 3, 7, or whatever the regular storage that goes with a 15-foot car, or a 30-foot car, may be. If that car is oversize, we will measure that space and authorize the 3 or 7, or whatever

we need, in there, and get away from the count and pile it in. That is the intention.

Question. If you will apply this to a specific case, then I will understand it. You have a 15-foot apartment car authorization to-day, we will assume—you understand that part?

Answer. Yes.

Question. And we will assume that a 30-foot car is being operated.

Answer. Yes.

Question. Now, under present conditions, if you authorize a storage unit in connection with the operation of that car, you simply specify 3 feet of storage, 7 feet of storage, or 15 feet of storage?

* * * * *

Answer. I think I get you. The specifications will be as now, but it will be measured instead of counted.

* * * * *

Question. You do not propose to authorize any units which correspond to the exact measurement of the over-size part of the car, but only on the units 3, 7, 15, and 30?

Answer. That is right.

* * * * *

Question. Now, we have got a car with 5 feet of additional storage space beyond that, which would be at the disposal of the Post Office Department in a car of the size authorized?

Answer. I understand, I think, what you mean.

Question. And you authorize, then, in that car, 3 feet of storage?

Answer. Yes, sir.

Question. And there is capacity for 5. How much are you going to use?

Answer. I would use 3 feet.

Question. Who has got to check that up?

Answer. Why, it could be checked up by the baggage-man if he saw fit to do so.

* * * * *

Question. Now, do you think that, as a matter of actual operation in that car occupied exclusively by the postal clerks, they would block off 2 feet there in a case of that kind and confine their use to 3 feet?

Answer. I think that could be stanchioned off very readily, sir. I think they would.

* * * * *

Question. The question which I asked you is this: Do you think that with 5 feet of space in this oversize apart-

ment car, occupied wholly by a mail clerk, and with only 3 feet of storage mail, the mail clerk is going to confine his use and his handling of that 3 feet of mail in the storage space in that apartment car to actually 3 feet by measurement?

Answer. I think he would.

Question. You think he would?

Answer. If that car was fixed so that he could do it by having it stanchioned properly. (R. 3669, 3673, 3674, 3675, 3678, 3679, 3683.)

SIDE, TERMINAL, AND TRANSFER SERVICE.

RAILROADS SHOULD CONTINUE TO PERFORM SIDE AND TERMINAL MESSENGER SERVICE.

Mr. Stewart stated during the direct examination of Mr. Brauer, as follows:

If the postmasters should be required to perform this service generally, there is no doubt at all in my mind that application would be made to Congress for an increase in their compensation to cover that service. Now, whether that increase would be a proper measure of the value of the service performed no one can say. We know that Congress is very liberal in making appropriations for some classes of employees. Now, after all, it comes to this point: The people have got to pay this money, however it is arranged for, and some arrangement should be made or that arrangement which will be the least public expense and do justice to everybody concerned. Now, what is that? The railroads are on the ground, as Mr. Brauer says. Undoubtedly they could perform this service cheaper than anybody else. If it is turned over to the Post Office Department, the only manner in which it would provide for its performance otherwise than require postmasters to do it occasionally is to employ contract service, generally referred to as mail messenger service. That service can never be obtained as cheaply or, we might say, under the circumstances, as reasonably as the railroad companies can provide for it. (R. 3420.)

IT HAS BEEN THE PRACTICE TO REQUIRE THE RAILROADS TO PERFORM SIDE AND TERMINAL SERVICE UNDER THE POSTAL LAWS AND REGULATIONS SINCE 1873.

Mr. CORRISON testified on re-direct examination as follows:

Question (by Mr. STEWART.) Referring to this question of the side and terminal service, in another phase, is it not true that the railroads have been performing this service

as required substantially by the present regulations for a great many years, since, for instance, 1873, at least?

Answer * * * Yes, sir.

* * * * *

Question. And that practice was in existence at the time that this statute of July 28, 1916, was passed?

Answer. It was.

Question. When you said that the department extends the line mileage of a route to the terminal post office, and that the company received for performing the terminal service the line rate pay, computed upon that additional mileage, did you mean to say that that is all the company receives for performing that service? I am not now referring to the statistical ascertainment of the value of the half mile or the quarter mile, or whatever it may be, between the railroad station and the post office, on which they receive the regular rate of pay.

Answer. In addition to that, if it is on a space basis route, they would receive the initial and terminal allowance.

Question. That is for the service at the station?

Answer. That is for the service at the station.

Question. But is it not true, in the contemplation of the law—Mr. Ashbaugh has asked you some legal question—that the companies receive pay for this side and terminal service in the aggregate pay carried by the regular line rate fixed by the statute under the space basis, just as they did in contemplation under the weight basis before it was passed?

Answer. They do.

Question. I have still a further question on the law. Are you familiar with the Court of Claims case, where the Court of Claims decided that when Congress fixed the rates under the weight basis, it had in contemplation the performance of this service by the railroad companies?

Answer. I am familiar with that, as it has been related to me. (R. 728-730.)

ESTIMATED COST TO THE RAILROADS OF PERFORMING SIDE AND TERMINAL MESSENGER SERVICE.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). Inquiry was made yesterday with reference to an estimate concerning this side and terminal service based upon the statistics shown by the reports of the railroad companies in this country, and with a promise to submit an estimate before the hearing closed. Have you the estimate?

Answer. I have.

Question. Will you please give it?

Answer. The estimated annual amount paid by the railroads represented in Exhibit 66 to contractors and the proportion of the amount paid employees based upon the figures submitted in Exhibit No. 56 tabulated from the reports of the companies on Form R. M. P. No. 5, is \$1,349,479.42. That is secured in this way: The annual pay on March 27, 1917, on the roads embraced in Exhibit No. 66, tabulated from Exhibits 23 and 24, is \$53,875,175.38. The annual pay on the roads represented in Exhibit 66 which rendered no reports on Form No. 5 was \$11,539,791.06, leaving the annual pay on the roads represented in Exhibits 66 and 56, both, * * * as \$42,335,384.32. The total estimated cost of the side and terminal service on the basis of exhibit 56 for the roads represented in both Exhibits 66 and 56 was \$1,060,407.48; and by proportion stated as \$1,060,407.48 is to \$42,335,385, so is "x" to \$53,875,175.38, which produces the figure I first read, of \$1,349,479. (R. 736, 737.)

**RAILROAD COMPANIES PROBABLY COULD PERFORM
SIDE AND TERMINAL MESSENGER SERVICE
CHEAPER THAN THE DEPARTMENT COULD.**

Mr. BRAUER testified on direct examination as follows:

Mr. ASHBAUGH. I should like to have Mr. Brauer give a reason why the Post Office Department wishes to retain side and terminal messenger service, as indicated in the first line of that paragraph.

The WITNESS. Well, my best judgment would be that it was deemed, when this paragraph was written, that the railroad company, being on the ground, could probably get a better proposition.

Question (by Attorney Examiner BROWN). And where the Post Office Department had the facility, and was already doing it, that would be the most economical way to do it?

Answer. Sure. (R. 3416.)

WITH RESPECT TO SIDE AND TERMINAL SERVICE.

Mr. CORRIDON testified as follows:

The application of the provisions of the act of July 28, 1916, and also a previous legislation with respect to side, terminal, and transfer service, has resulted in inequalities in compensation paid some of the carriers who are required to perform side and terminal service, the cost of which is claimed by the carriers, in given cases, to approximate the compensation they receive for the trans-

portation of the mails by rail. In a few instances, where it was made plain to the department that the carriers were paying out disproportionate sums for this service, it was seen fit to relieve them of its performance. There are approximately 34,323 post offices supplied by railroad routes, 8,548 of which are supplied by departmental mail messenger or screen-wagon service, leaving 25,775 offices to and from which mails are transported either by railroad employees or by postmasters. Of this latter number, 1,076 offices are terminal and are located more than 80 rods from the railroad station, the railroads performing the service. The diversity in the character and scope of this incidental service is marked, and renders difficult the adjustment of uniformly equitable rates covering both the rail transportation and this incidental service.

It is believed, therefore, that the matter of fixing a line rate of pay could be greatly simplified by considering the incidental side and terminal service as a separate factor; the carriers to be compensated therefor by payments equal to amounts based upon an ascertainment of the value of the time the railroad employees consume in handling the mails and the amount paid by the railroad companies to contractors for the service.

Question (by Attorney Examiner BROWN). Now, under the existing system, is that taken into account?

Answer. It is taken into account in the line pay. We have paid one rate for the entire mail transportation.

Question. That is, that includes wagon service from the train to the post office?

Answer. Well, in some cases. That is terminal service, as a rule, between the terminus of a route and the post office, without reference to the distance. That is transported by the railroad to the terminal office in cases where the department has not relieved the company of the service, or where the department has not a mail messenger service of its own or under contract to transport the mails.

* * * * *

Answer. Of these 25,775 offices, taking away from that number 1,076, we know that the remainder are all within the 80-rod limit.

Question (by Attorney Examiner BROWN). And the carriers are obligated to deliver within the 80 rods?

Answer. Within 80 rods.

Mr. STEWART. Providing they have an agent or other representative at the station.

Attorney Examiner BROWN. What do you mean by that—an agent of the carrier?

Mr. STEWART. Of the railroad company, at the station.

Attorney Examiner BROWN. Oh, do you mean if it happens to be at a point where there was a local agent, or no representative of the company, then the department takes care of it?

Mr. WOOD. Mr. Stewart, I am not very familiar with this side service, and I want to get it clear. You say that the railroad company must do this within 80 rods provided they have an agent or representative. If it is an agency station, they have to do it, don't they, whether they would normally have an agent there at the time required or not?

Mr. STEWART. What would you mean by "an agency station"?

Mr. WOOD. A station at which there was an agent at any time of the day.

Mr. STEWART. Yes.

Mr. WOOD. So that, if it is an agency station, and the agent's hours would normally be eight hours, and the schedule of the mail train should be such that the mail would arrive or depart more than eight hours from the time he originally went to work, he would either have to come back to deliver this mail or the railroad company would have to hire somebody else to do it?

Mr. STEWART. That is right.

Mr. WOOD. It is only where there is no agent at the station at any time during the day that they are relieved from doing it?

Mr. STEWART. That is right.

* * * * *

The WITNESS. Inasmuch as this service has heretofore and is under the present system paid for by a line rate, if this course be determined upon, the total compensation allowed the carriers should first be reduced by this estimated amount and the line unit rates fixed accordingly on the remainder.

* * * * *

Attorney Examiner BROWN. I mean, you are not going to make any extra charge for that; that is, you are not going to pay the railroads anything above the line-haul rate for anything that is delivered within 80 rods from the terminal; is that it?

Mr. STEWART. No; that is not it—for anything that is performed within the station or directly around it or contiguous to it, as, for instance, carrying mails from the trains into a terminal railway post office situated in a union station. That may be considered as service so closely related to the line service that no delivery charge could be made for it; but when the company takes the mails from the station and carries them within 80 rods,

say 30 or 40 or 50 or 60 rods, to the post office, that that should be separated from the line rate pay, the service which that covers, and paid for separately under this plan.

Attorney Examiner BROWN. Well, does your plan contemplate that where, for instance, it is necessary for a railroad to bring in a storage car, bring it into the station and set it at a point and fill it with mail, then switch it out in the train, that that service is all included in the line pay?

Mr. STEWART. The line pay.

* * * * *

The WITNESS. It is believed that the department should continue to perform mail passenger service under the present regulations, and that terminal and side service to points within 80 rods of the railroad stations should be considered as an incidental service to the transportation of the mails by a railroad, but that the railroads should be compensated therefor separately, as suggested, or relieved of such service, in the discretion of the department, in accordance with the present practices.

By far the greater number of these 25,775 offices are within the 80-rod limit, and the service could unquestionably be performed more advantageously by railroad employees in connection with their other duties than by special contractors employed by the Post Office Department for the specific purpose, perhaps at a greatly increased cost.

Question (by Mr. STEWART). Now, right there, Mr. Corridon, it should not be concluded from what you say that the railroad companies perform the service at all these 25,000 offices, but the mails are carried at many of them by the postmasters?

Answer. By the postmasters; yes.

Question. And at a great many where there are no agents, where the department provides for the service; is not that true?

* * * * *

The WITNESS. Mr. Stewart, these 25,775 offices are offices where the railroad companies perform the service, or the postmasters. (R. 616-624.)

MERGER OF RATES.

SUGGESTIONS FOR THE MERGER OF THE LINE RATES AND INITIAL AND TERMINAL ALLOWANCES.

During the examination of Mr. CORRIDON the following matters were discussed:

Attorney Examiner BROWN. Now, I assume that the purpose of this is that the act under which the commission

is operating authorizes, if it does not direct, the commission to say whether the mail shall be carried hereafter on the space system or the weight system, and what the payment shall be for either or whatever system the commission may finally determine to put into effect. This is along the line of suggestions to the commission as to what it should find with respect to the space system?

Mr. STEWART. With respect, Mr. Examiner, to certain features. For instance, the law now provides a line rate and an initial and terminal rate. The department feels that it is in a position to recommend, for instance, a union of those rates, if the commission feels that it has jurisdiction to fix a rate in that manner, and I think it has.

Attorney Examiner BROWN. Yes; I think myself, without having carefully examined the statute, that it is about as broad as it could be made—that is, it gives the commission pretty nearly unlimited power to say what system shall be invoked for the future and to establish the pay for the service under that system. (R. 610-612.)

INITIAL AND TERMINAL ALLOWANCE.

Mr. CORRIDON testified on cross-examination as follows:

Question (by Mr. WOOD). When you speak of initial and terminal service, or the initial and terminal allowance, you mean a service that is performed for an ordinary incident of railroad transportation—that is, the switching of the car, placing it at the station, putting it in the train, loading and unloading to and from the car?

* * * * *

Answer. Well, I can tell you what it is in our service. It is the payment to the companies under the present space bill for station service in connection with the heating and lighting and cleaning of cars, switching, loading and unloading of mails.

* * * * *

Question. All of these are initial and terminal allowances?

Answer. Yes, sir. (R. 633, 634.)

Question (by Mr. WOOD). When you speak of terminal service, as embraced within the expression "side and terminal service," you mean the service that is performed by a railroad company in handling the mail between the station and the post office?

Answer. Yes; on the terminus of the route.

Question. Or between two stations in the same city, for the purpose of making a transfer of the mails from one railroad company to another?

Answer. That is transfer service.

* * * * *

Question. Well, the terminal service is a messenger service performed by a railroad company between the station and the post office?

Answer. Yes, sir.

* * * * *

Question. Now, the side service is a messenger service performed by a railroad company between the station and the post office at a point intermediate between the termini of the mail route?

Answer. That is correct. (R. 634, 635.)

Question (by Attorney Examiner BROWN). There is still another service, is there not? Suppose a storage car be loaded at a terminal point. It runs to a divisional point, and there that car is, while they are changing the engine, switched out to a point, and half the mail is unloaded from that, and then it is switched back and put into the train again. What kind of a service is that?

* * * * *

Answer. That would be incidental to the train run.

Question. That service would be counted in the rate?

Answer. In the rate. (R. 636.)

The WITNESS. The law provides for an initial and terminal allowance for a one-way trip of a car. Now, we must determine what a one-way trip of a car is. If it is from New York to Chicago the normal train operation requires switching at Pittsburgh. There is no additional allowance for that switching. It is included in the line rate, and it is only the trip of the car. If, on the other hand, we ask that the car be held at Pittsburgh over a given train, in order that we may have more time to load our accumulations of mail, we pay an additional side allowance, because it is contrary to the normal train operation. (R. 637.)

IN GENERAL.

THE DEPARTMENT'S PROPOSED PLAN REPRESENTS THE JUDGMENT OF DEPARTMENT OFFICIALS.

Mr. BRAUER testified on cross-examination as follows:

This plan represents the best judgment as to what should be done with the service by the superintendent here. It has been thrashed out in conference time and again, just as I imagine your plan was thrashed out by the mail traffic managers, and that is what we present here, from a traffic standpoint.

Question (by Attorney Examiner BROWN). And it supersedes anything that anybody had in mind prior to that time, doesn't it?

Answer. Yes. (R. 3432.)

CHANGES SUGGESTED IN POST OFFICE DEPARTMENT'S PLAN WOULD REMOVE FROM CONTROVERSY PRACTICALLY ALL CASES IN DISPUTE.

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Wood asked you whether these changes which are suggested in this plan do not relate to that part of the service which involves the lesser amount of pay. I believe you said that was correct?

Answer. As I understood the question, I think I answered it correctly.

Question. Yes; that is all right. Now, I want to ask you whether or not, in your opinion, the changes that are suggested here will remove * * * the larger part of the causes for controversy and contention between the railroad companies and the department, and in regard to which the large amount of evidence in this case, perhaps the larger amount of the evidence, has been adduced?

Answer. Yes, sir; Mr. Stewart, I think it would. It would at least remove practically all of those cases which have been in evidence where there seems to be a justification in the complaints made by the railroad carriers. (R. 3705, 3706.)

THE RAILROADS' PROPOSED PLAN.

THE RAILROADS' PROPOSAL FOR RATES BASED UPON WEIGHTS IS A RETURN TO AN OLD AND UNSATISFACTORY SYSTEM.

WEIGHT PAY FEATURE OF RAILROADS' PLAN ANALYZED.

Mr. McBRIDE testified on direct examination as follows:

This involves a return to the old basis for measuring the service performed, and prescribes two rates for weights carried, but different from the old plan in basing rates on a ton-mile basis instead of on an average daily weight basis. These rates as named in the plan are 45 cents per ton-mile for the first 100 ton-miles or less per mile of road per annum on each route, and 5½ cents per each additional ton-mile for each route. In effect, these rates produce a minimum rate or constant of \$45 per mile per annum on all routes carrying not more than 548 pounds average daily weight of mail, and 5½ cents a ton-mile for each ton-mile of weights above 548 pounds average daily weight. (R. 3711.)

SCALE OF RATES UNDER RAILROAD PLAN NOT EQUITABLE AS BETWEEN COMPANIES.

Mr. McBRIDE testified on direct examination as follows:

The proposed railroad plan suggests a scale of rates somewhat less complicated, and one, I think, that could be applied without great difficulty, but that it does not produce equitable results as between companies is evident from the fact that it was found necessary to couple with them a so-called service rate for closed-pouch service in order that the pay might be raised to a level considered necessary.

Question. That is on the short lines that you refer to?

Answer. Well, ostensibly, that was the reason for this closed-pouch rate, although, in actual practice, it results in a considerable increase in pay on other lines as well.

Question. A larger increase on the heavy lines than on the short lines?

Answer. On those heavy lines which have any great amount of closed-pouch service. (R. 3712.)

RATE SCALE FOR WEIGHT UNDER PRESENT LAWS.

Mr. McBRIDE testified on direct examination as follows:

This scale of rates differs from the scale of rates which obtained under the laws effective previous to the installation of the space basis, which would still apply on those routes continued under the weight basis. That scale provides a minimum rate of \$42.75 per mile per annum on all routes carrying 211 pounds or less average weight per day, and increasing such rate \$1, less the discounts provided by law, or about 85 cents, for each additional 12 pounds of daily weight up to 500 pounds, the same increase in rate for each 20 pounds of weight per day up to 2,000 pounds, and so on; so that as the weights increase, the rate per mile increases, but the rate per ton-mile decreases.

The scale results in a different rate for each step of 12 pounds, 20 pounds, 60 pounds, 80 pounds, as you go on up the scale.

This scale, of course, was complicated and difficult of understanding by the layman, as well as by some persons who were not laymen, and was one of the causes that led the department to advocate the adoption of the space basis. (R. 3711, 3712.)

THE RAILROADS' PROPOSAL OF A 3-CENT RATE FOR CLOSED-POUCH SERVICE AN UNNECESSARY COMPLICATION AND WHOLLY UNJUSTIFIED BECAUSE UNREASONABLE.

THE RAILROADS' PROPOSED PLAN, THE 3-CENT RATE FOR CLOSED-POUCH SERVICE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Referring to your 3 cents per mile rate, do you propose that that shall apply to closed-pouch trains on every road, regardless of whether they are short lines or branch lines or other roads?

Answer. Yes, sir; because the purpose of that rate is quite different than the other rate. It was to take care of the extra labor of the baggagemen in connection with handling the closed-pouch service. * * *

Question. Have you estimated the amount that that would carry?

Answer. I have an estimate of it, amounting to about practically \$4,000,000 a year out of the \$95,000,000.

* * * * *

Question. Is it the purpose to cover storage mail as well as the closed-pouch mail?

Answer. No, sir.

Question. In small units?

Answer. No, sir; it does not cover the storage mail.

Question. It is probably true, however, Mr. Worthington, that on a great many of these closed-pouch routes there would be very few pouches handled, is it not?

Answer. I do not know the distribution of traffic on the closed-pouch routes as to the number of pouches. I could not answer that question. I presume it varies on different routes, but the services of the man are very much the same—the man in charge.

Question (by Attorney-Examiner BROWN). Well, take such a route, for instance, as Mr. Stewart spoke of the other day, 1,600 miles. There you would have to pay for two men, perhaps, or for three men—I don't know how many it would take—\$48 on this basis. On a 100-mile branch line it would be \$3—

Mr. STEWART. We expect to submit evidence along those lines, Mr. Examiner, showing the exorbitant pay the railroads would receive per hour of service for the baggage-man, for instance, who handles it.

* * * * *

Question (by Mr. STEWART). Now, is it also intended that this 3-cent rate will be in addition to the charge for weight provided for?

Answer. Yes, sir; that is why it is put in there, Mr. Stewart. (R. 1660, 1661, 1662, 1663.)

THREE-CENT MILE RATE FOR CLOSED-POUCH TRAINS WOULD TEND TO DISCOURAGE FREQUENCY OF SERVICE ON ACCOUNT OF ITS COST.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). Referring now to the feature of the railroads' plan in regard to the 3-cent rate. What have you to say in regard to that?

Answer. The carriers' plan provides that on short-line railroads or branch trains of other railroads not above designated, where there are no postal clerks on the trains, and mails are carried in the baggage car and handled exclusively by the baggageman, with a record thereof at the local stations, and the handling does not partake of the character of compact loading as for storage mail for storing in baggage cars, an additional service rate of 3 cents per train-mile should be paid.

Simplified, this section specifies that (as) additional pay for the weight transported in such trains the company shall be paid at the rate of 3 cents a mile for the carriage of the mail carried in all trains in which no postal clerks are employed and the baggagemen handle the mails.

The first objection to this provision is that it would, I think, tend to discourage frequency of service on some lines because of its cost. On the large trunk lines out of the large cities there is a considerable amount of service that would come under this classification. This service has been established for the purpose of giving more frequent mails between these large cities, and to take care of suburban points, more frequent service than could be provided by the trains carrying the distributing cars.

Question (by Attorney-Examiner BROWN). Would you read that rule again? I did not catch that, that it applied to the main line at all.

Answer. "On short-line railroads or branch trains or other railroads not above designated, where there are no postal clerks on the trains."

Question. When you speak of this transfer between terminals it would be branch trains that would have to run out on a branch. They could not run on the main line?

Answer. Oh, there are a great many closed-pouch trains on main lines, and I construe this to mean that this rate would apply on those trains as well as on branch lines.

Attorney-Examiner BROWN. The rule does not so state, does it?

Mr. WOOD. Yes; the rule so states—short-line railroads or branch trains of other railroads.

The WITNESS. All trains carrying closed-pouch service is the way I construe it. Is that correct?

Mr. STEWART. That is the language.

The WITNESS. That is the language. Out of Chicago alone, on the Chicago & North Western Railroad there are 2,272,280 annual car-miles in this class of service, frequently established to provide the larger cities with more frequent exchanges of mail to the important suburban post offices. The statistics, I think, in Exhibit 5 show that we have an annual car mileage of 3 and 7 foot units in closed-pouch space of 127,000,000, in round numbers, and on the short lines, still under the weight basis of pay, there is an annual mileage estimated of 23,000,000 additional. On the short lines the service is generally performed at every station to the extent of putting off and taking on mail, but on the space basis lines there are many examples of trains of this kind operating over distances of 200 or 300 miles, and even as high as 500 and 800, and up to as high as 1,000 or more—closed-pouch trains. There are many instances where a haul of great length is involved, and the actual service beyond the hauling of the mail amounts to almost nothing, the exchange points being few, and the amount of work performed by the baggagemen negligible, and the expense attached thereto under the railroad plan would be very high. For instance, on the Oregon Short Line, train 4 carries pouch mail between Portland, Oreg., and Green River, Wyo., a distance of 931 miles. On that trip 18 exchanges of mail are made, which would cost the department, under the railroad plan, \$9,184.45 per annum over and above the compensation received for the weight of the mail hauled.

Between Los Angeles, Calif., and Del Rio, Tex., closed-pouch service of this character is performed in trains 101 and 102 of the Southern Pacific Railway. The distance between those points is 1,263 miles. Over this route mail is received at three points and delivered at ten, each way, that is, on the round trip, which service would cost, in addition to the weight pay, \$27,659.70 per annum.

Question (by Mr. Wood). Well, Mr. McBride, would you regard that service on the Sunset Limited as local service?

Answer. It is closed-pouch service.

Question. Would you regard that as service to local stations, those three points at which mail is taken on and 10 points at which it is put off between El Paso and Los Angeles on the Sunset Limited—do you think anybody would say that that was service performed at local stations?

Answer. I am inclined to think if this railroad plan went through that the railroads would insist that that was the sort of train that should get 3 cents a mile additional?

Question. How could they insist on that when this very rule makes reference to service at local stations?

Answer. Well, those stations are local to the line. They are exchanges of mail, and the record is taken by the baggageman.

Question (by Attorney Examiner BROWN). It would clearly come within the rule, would it not?

Answer. It would seem to me so.

Question (by Mr. STEWART). The baggageman keeps the record of those mails, does he, the same as in other cases of closed pouch?

Question (by Mr. WOOD). Certainly you would not call that a local train performing local service?

Mr. STEWART. It is local service.

Mr. WOOD. I may be dull, but I don't see it.

Attorney Examiner BROWN. Well, where would you draw the line, Mr. Wood?

Mr. WOOD. Well, I certainly would not say that the Twentieth Century Limited between Chicago and New York performed any local service anywhere, although it takes on and puts off mail at places between Chicago and New York. I would not say that the Sunset Limited between New Orleans and Los Angeles performed any local service, though it takes a few passengers on en route, and some of them get off, and it might do the same with the mail bags.

The WITNESS. They both come under the classification "closed-pouch service" under the department's nomenclature. We have New York Central train 17, which operates between New York and Chicago. Twelve offices are supplied by this train.

* * * * *

The WITNESS. * * * That supplies 10 offices, and would cost the department, under the railroad plan, \$10,500 per annum, in addition to the weight pay.

Trains 50 and 51 of the New York Central, the Empire State Express, operating between Buffalo and New York, exchange with six stations, which would cost the department about \$1,600 per annum in addition to the weight pay.

Train 4 on the New York Central, Chicago to Cleveland, has four exchanges. This would cost the department approximately \$925 a station in addition to the weight pay.

On the Pennsylvania Railroad, train 31 exchanges mail between New York and Indianapolis with four stations, which would cost the department \$8,891 per annum in addition to the weight pay.

Mr. WOOD. That is the fast train from New York to St. Louis, is it not?

The WITNESS. I think so; but it is a closed-pouch train. It seems to me it would come clearly within this classification in the railroad plan.

Between New Orleans and Chicago, train 7 of the Illinois Central making an exchange at Memphis, I believe, carries mail all the way from Chicago to New Orleans.

Mr. WOOD. Is that the Panama Limited?

The WITNESS. I believe that is the title of it.

This exchange is the only exchange of mails carried from Chicago to New Orleans, and would cost \$10,000 per annum above the weight pay. It is designated as closed-pouch service by the department.

The return movement is a little better. It handles mail at Jackson and Carbondale, and it would cost the same, \$10,000 per annum in addition to the weight pay.

On the Boston & Albany we have three trains carrying closed-pouch mail between Boston and Albany. One of these trains exchanges mail at two stations between the termini, one train at but one station and the other at four stations. This would cost the department at the rate of \$6,570 per annum in addition to the weight pay.

On the New York, New Haven & Hartford, four trains carry pouch mail between New York City and Boston. One of those trains takes on mail at three stations, one at but one station, and two of them exchange at four stations.

Mr. WOOD. Are those the four or five hour limited trains?

The WITNESS. I think two of them are. I don't know whether the others are or not.

This would cost the department \$12,500 additional to the weight pay.

The Federal Express, operating between New York City and Boston, puts off and takes on mail at eight stations, which would cost the department \$5,000 per annum.

* * * * *

I also refer to a train brought up during the cross-examination of one of the carriers' witnesses, namely,

train 20, operated over the Southern Pacific and the Union Pacific railroads and carrying closed-pouch mail from San Francisco to North Platte, covering a distance of 1,490 miles.

* * * * *

The WITNESS. It receives mail at 14 points and delivers mail at approximately the same number, generally the same points at which the mail is received. The running time of this train is about 52 hours between those cities. The cost to the department on this railroad basis in addition to the pay for weight of the mail carried would be \$44.70 per day or \$17,315 per annum. This service is classified by the department as closed-pouch service.

In none of the trains mentioned would the work involved in the handling of the mail by the baggageman exceed more than one hour over the entire train run.

Question (by Mr. STEWART). Now, do you know whether the railroads in making their estimates covered all that in closed-pouch service?

Answer. I do not.

Mr. WOOD. Well, now, you say that we failed to cover all that in our estimate?

Mr. STEWART. Why, I assume that you did, Mr. Wood. I think that you covered all that in your estimate.

Mr. WOOD. He said we did not.

The WITNESS. I said I didn't know whether you did or not.

Mr. WOOD. Oh!

The WITNESS. If the counsel could inform me as to the amount they estimated as applying to that class of service, I think I can tell.

Question (by Mr. STEWART). I think the general inference is that they did cover it.

Answer. In all these instances the mail is preceded or followed by trains having regular railway post-office service, and in practically all trunk-line trains the closed-pouch service is established for the purpose of giving more frequent delivery at some important offices, or in many cases, for the purpose of relieving the through trains from deliveries from moving trains. The service rate, as explained by the railroads' witness, is added in order to more adequately compensate the exclusively closed-pouch trains and, as well, to cover the additional burdens placed upon the baggageman through the handling of those mails. While its application does serve to increase the pay on exclusively closed-pouch lines, it also serves the purpose of greatly increasing the pay on trunk lines where the

closed-pouch trains are frequent, and where they usually operate over much longer distances than they do on the short line. (R. 3804-3813.)

**EFFECT OF 3-CENT RATE FOR CLOSED-POUCH SERVICE
ON COMPENSATION OF RAILROADS.**

Mr. McBRIDE testified on direct examination as follows :

Applied to all services in the closed-pouch service, as shown by Exhibit No. 5, 127,000,000 miles, in round numbers, for the year, and adding thereto the miles on exclusively closed-pouch routes now stated on a weight basis, it is found that this feature of the proposed plan would cost annually, first on routes now stated on the space basis, \$3,819,000; on the exclusively closed-pouch routes now stated on the weight basis, it would cost \$699,000; a total of \$4,518,000, indicating that the short lines would receive less than \$1,000,000 additional by the application of this rate, while the large lines would receive more than \$3,500,000—nearly \$4,000,000—additional.

I have made a little tabulation here showing the application of the 3-cent rate to the miles of service in the closed-pouch service, shown in Exhibit 5, on some of the larger systems:

On the Atchison, Topeka & Santa Fe it would add to the compensation \$131,000 in addition to the weight pay.

On the Atlantic Coast Line, \$44,000.

On the Baltimore & Ohio, \$86,000.

On the Baltimore & Ohio Southwestern, \$36,000.

On the Boston & Maine, \$100,000.

On the Central of Georgia, \$14,000.

On the Burlington, \$104,000.

On the Chicago & Eastern Illinois, \$19,000.

On the Chicago & North Western, \$107,000.

Question. How about the Milwaukee?

Answer. The Chicago, Milwaukee & St. Paul, \$116,000.

On the Rock Island, \$85,000.

On the Big Four, \$59,000.

On the Delaware & Hudson, \$24,000.

On the Delaware, Lackawanna & Western, \$46,000.

On the Erie, \$65,000.

On the Grand Rapids & Indiana, \$9,000.

On the Great Northern, \$55,000.

On the Illinois Central, \$96,000.

On the International & Great Northern, \$23,000.

On the Louisville & Nashville, \$41,000.

On the Missouri Pacific, \$30,000.

On the New York Central, \$169,000.

On the New York, New Haven & Hartford, \$133,000.

On the Northern Pacific, \$43,000.

On the Pennsylvania Co., \$47,000.

On the Pennsylvania Railroad Co., \$184,000.

On the Philadelphia & Reading, \$60,000.

On the Pittsburgh, Cincinnati, Chicago & St. Louis, \$64,000.

On the Iron Mountain, \$52,000. That is now part of the Missouri Pacific System.

On the St. Louis & San Francisco, \$82,000.

On the Seaboard Air Line, \$28,000.

On the Southern Pacific, \$164,000.

On the Southern Railway, \$84,000.

The Texas & Pacific, \$27,000.

On the Union Pacific, \$60,000.

On the Wabash Railway, \$52,000.

Application to a few specific systems:

The Chicago, Burlington & Quincy, between Chicago and Aurora, 37 miles, closed-pouch annual mileage 413,000; annual increased pay on this line from this 3-cent rate would be \$12,400 in addition to the weight pay. There are carried on this route seven mail trains in and eight mail trains out.

Question (by Mr. STEWART). How frequently?

Answer. That means frequency. That means every day, seven in and eight out.

Question (by Mr. WOOD). How far is it?

Answer. Thirty-seven miles.

Question. How much mail would those trains probably carry?

Answer. The closed-pouch trains, do you mean?

Question. Yes.

Answer. I couldn't tell you without reference to the record.

Question. Well, generally?

Answer. A very small amount compared to the total carried on the route.

Question. Two hundred pounds or one hundred pounds?

Answer. There might be in some cases simply one pouch of mail. In fact, a great deal of the closed-pouch service comprises only one or two or three pouches or sacks.

Question. Have you any idea what the average is?

Answer. In closed-pouch service?

Question. Yes.

Answer. Why, take all of the units, 3-foot units and 7-foot units together, we had no way of ascertaining them separately without a very complicated, long-drawn-out tabulation.

Question (by Attorney Examiner BROWN). Well, in Aurora, there you have the Fox River Branch of the Burlington. As I recollect it, there is another carrier runs in there. That is a branch-line service out of Aurora?

Answer. Yes, sir.

I should think that the average load in a 3-foot unit would not be far over between two and three hundred pounds, probably; a 7-foot may be four, five, or six hundred—maybe more than that. The 7-foot closed-pouch units usually are more heavily loaded, of course, than the 3-foot, relatively.

On the Chicago & North Western, between Chicago and Milwaukee, the closed-pouch mileage is 705,000. The annual pay on the 3-cent rate would be \$21,000.

On the Galena Division of the same road the annual closed-pouch mileage is 684,000, and the annual pay on the 3-cent rate would be \$20,500.

On the Pennsylvania Railroad between New York and Philadelphia the annual closed-pouch mileage is 1,145,000.

Question (by Attorney Examiner BROWN). Where is that?

Answer. Between New York and Philadelphia, on the Pennsylvania. The annual pay for which, at the 3-cent rate, would be \$34,000. There are eight mail trains daily each way.

On the Chicago & North Western, Wisconsin Division, between Chicago and Madison, the annual closed-pouch mileage is 883,000. At 3 cents a mile the total annual pay would be \$26,500. There are four mails each way. (R. 3814-3818.)

THREE-CENT RATE FOR CLOSED-POUCH SERVICE MULTIPLIES THE RATES, COMPLICATES THE SYSTEM, AND SEEMS TO BE UNNECESSARY.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, Mr. McBride, supposing that the rule should be so framed as to eliminate the service on main lines and apply to service on branch lines and short line railroads; what would be your objection to that?

Answer. Well, of course, that would remove some of the criticisms I have made here.

Question. Well, I presume fundamentally you are opposed to the application of the 3-cent charge for any service?

Answer. Yes, sir.

Question. Now, what is your reason for that?

Answer. Well, I think it only multiplies the rates, complicates the system, and it seems to me to be unnecessary.

Question. Well, do the rates that you have proposed for the various services include all that?

Answer. It includes all the services; yes, sir. (R. 3813, 3814.)

THREE CENTS A MILE RATE FOR CLOSED-POUCH SERVICE AN UNREASONABLE ONE.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). * * * Now, I ask you, do you think that it is unreasonable in a case of a train like the Panama Limited, which is one of the horrible examples that you have produced, for the railroad company to say that they ought to have as much to carry 100 pounds of mail from Chicago to New Orleans on that train as they get for carrying a passenger?

Answer. I do think it unreasonable, because your mail is carried in the baggage car. You do not provide any luxurious passenger coaches and café cars and smokers and all of that character of service, all of which comes within your passenger rate.

Question. The man pays for that?

Answer. He does not pay anything for that, except to the Pullman people. His passenger rate includes the club car and the café car and all of that additional service which is performed, as I understand it. There may be an extra rate on that train. I don't know. (R. 3969.)

PAY FOR DISTRIBUTION SPACE NOT MORE EASILY ADJUSTED TO DISTRIBUTION NEEDS AND WOULD MULTIPLY CAUSES FOR DISAGREEMENT.

THE RAILROADS' PROPOSED PLAN FOR THE AUTHORIZATION OF DISTRIBUTION SPACE IS NOT MORE EASILY ADJUSTED TO DISTRIBUTION REQUIREMENTS, NOR WOULD IT REMOVE CAUSES FOR CONTROVERSY.

Mr. BRAUER testified on cross-examination as follows:

Question (by Mr. WOOD). Don't you think that the proposal which is made by the carriers, which is that the department shall authorize simply the number of feet of distributing space and pay for that, is more easily adjustable to the distributing needs of the department than a rule like your rule 22 here, or any other rule which requires the Post Office Department to pay not simply for the number of distributing space wherever it is using a railway post office or an apartment car, but to pay over the full

length of the run for the storage space in that car as well, whether it uses it or not? Is not that a rule that is more easily adjusted to the distributing requirements of the service?

Answer. I don't think so.

Question. Now, if you had just a rule, you would also entirely obviate all of this controversy between the railroad company and the Post Office Department as to the conditions under which cars should be operated, would you not?

Answer. I don't think so.

Question. Then you would eliminate all of that controversy, in so far as it related to the operation of full storage cars or parts of storage cars?

* * * * *

Answer. I don't think so at all.

Question. If the carriers' proposals were accepted, and the payment for the distributing facilities were adjusted so as to correspond simply to the distributing space required, that is, to the department's view, and then the volume of the mail carried was paid for upon the basis of the weight and the space disregarded as a measurement of payment, you would eliminate all of these controversies that we have been discussing this morning, about train operation as contrasted with the needs of the department; at least as to storage cars and parts of storage cars, would you not?

Answer. I don't know. I don't think so.

* * * * *

We have always had controversies. If you would authorize a 15, a 20, a 25, a 30, a 40, a 50, or a 60, as your plan contemplates, I think that would be a good thing under the space basis. We have always got to have storage space in connection with the distribution of the mail. I can see endless controversy in your plan here as to what we should or should not haul in a mail car. There are always controversies, Mr. Wood, as to what should and should not come in a mail car. (R. 3659-3661.)

CONTROVERSY AS TO DISCONTINUANCE AND REDUCTIONS IN UNITS OF DISTRIBUTING SPACE WOULD EXIST UNDER RAILROAD PLAN.

Mr. GAINES testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, Mr. Gaines, if the condition which Mr. Wood has last described, existed, where payment was made for the distribution unit on one basis, and payment made on another basis for weight, it would leave exactly the same source of controversy which has always existed under the old weight basis, would it not?

Answer. It would.

Question. That is, there never would be any ground for any greater agreement as to what distribution space should be authorized?

Mr. WOOD. I do not see how the witness can say that when it is left in your hands.

Mr. STEWART. There would always be the same source of disagreement as to whether the distribution space required to handle the mails should be greater or less, whether the weight element should be encroached upon or relieved.

Question (by Mr. STEWART). In other words, the same controversies with reference to the discontinuance and reductions of the units of distribution space would exist under that system just as they did under the old system, would they not?

Answer. Well, I think, with the possible exception that we would pay them more for a large unit than for a small unit. The same controversies in regard to the amount of space that we were paying for that existed under the weight basis, as for instance, between the 40-foot authorization and the 60-foot authorization, would obtain.

Question. The same thing?

Answer. The same thing as between any unit that we paid for under the weight basis. * * *

Question. Mr. Gaines, wherever there was a necessity to reduce the unit of distribution space under the system suggested by Mr. Wood, there would be the same difficulty as existed under the old weight basis, where part of the pay was on the basis of weight and part upon distribution space, would it not?

Answer. I think so. There would be no reason for doubting that. (R. 3367, 3368.)

UNDER RAILROAD PLAN, EIGHT DIFFERENT SIZES OF DISTRIBUTION SPACE UNITS PROVIDED FOR WOULD INCREASE OPPORTUNITIES FOR DISAGREEMENT BETWEEN RAILROADS AND DEPARTMENT.

Mr. McBRIDE testified on direct examination as follows:

The WITNESS. The feature of increasing the number of distributing units from 3 to 8, it seems to me, is subject to objection. The 3-unit plan was that feature of the space basis plan which was most earnestly advocated by nearly everyone concerned in its framing. It was particularly emphasized by the members of the Bourne commission, and they believed that it would result in reducing the opportunities for controversy between the department and the railroads. The provisions covering this feature of the law were discussed from every possible angle, and the commission reached the conclusion that by decreasing the

kinds of cars that could be authorized, you would decrease the causes for controversy. Now, the railroads' plan proposes to increase the number of these units from 3 to 8, which I think would have the inevitable result of multiplying materially the causes of disagreement.

Question (by Mr. WOOD). Now, Mr. McBride, you reached those conclusions without hearing about this limitation and construction that we have made. This does not contemplate authorizations of sizes of cars. It simply contemplates authorizations of linear feet of distributing space.

Answer. Different sizes.

Question. According to what the department wants. It leaves it up to them entirely. We have nothing to say about that.

Answer. That is what the old law did. It provided for the authorization of full cars of certain sizes, but our discretion as to what size we needed did not always coincide with what the railroads thought we needed. * * * (R. 3769, 3770.)

PAY FOR DISTRIBUTING FACILITIES WOULD MULTIPLY CAUSES FOR DISAGREEMENT.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). The same thing is true with respect to pay for the distributing facilities? That is perfectly practical and easy of administration, whether it is right or wrong?

Answer. No; I cannot agree with you there. Of course, it is practicable, but it would lead, as I said on direct examination, to multiplying the causes for disagreement. There would still be objection to the count and distributing space that we consider necessary.

Question. Well, we do not have anything to say about that. We leave that to you.

Answer. Well, the railroads have had something to say about those things in the past. (R. 3980.)

THE RAILROADS' BASIS FOR PAY FOR DISTRIBUTION SPACE.

RATE FOR DISTRIBUTION SPACE IN 60-FOOT RAILWAY POST-OFFICE CARS BASED ON PASSENGER-TRAIN CAR-MILE REVENUE (AND PLUS AN ADDITIONAL PER CENT).

Mr. WORTHINGTON testified on direct examination as follows:

Question (by Attorney-Examiner BROWN). Let me ask there, before he passes that: I think I understand how

you reached your unit costs in the space in the car, but how did you reach your unit costs per mile?

* * * * *

Answer. Referring back now to Mr. Wettling's exhibit:

We felt that in fixing a rate for railway-mail pay—take the space rate, for example—it was quite essential that the rate to be fixed would be based upon something that could be determined from time to time without again going through this exhaustive test and estimate of expenses per car-mile and so forth, which has already taken two years to finally compile in this case. Our rate as to the space is based on the earnings per passenger-train car-mile. * * *

* * * * *

Question (by Mr. Wood). The rate that is proposed here, as you have said, if applied to a full 60 feet of space, would be about 30.5 cents per car-mile, while the average earnings from passenger-train car traffic for 1917 are 29.29 cents. What is the source of the additional over and above 29.29?

Answer. The rate of 29.29 cents revenue per passenger-train car-mile represents the average passenger-train car-mile earnings for all classes of traffic, including all operated space on trains, whether used or not. We thought the same factor should be used with respect to the rate for the distributing space. The railroad exhibits already presented indicate that in the railway post-office car service, 4.2 per cent addition should be made to the authorized space to cover the excess over the authorizations. Applying that percentage of addition to the 29.29 cents produces a rate of 30.5 cents, which we have used for the full railway post-office car unit, and in fixing the rates for the 60-foot car for distributing facilities for 25, 30, and 35 to 37 feet * * * (R. 1489-1492.)

* * * * *

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Are these rates fixed upon the basis of what we have discussed as authorized service, or upon that basis, plus, say, 31 per cent to cover additional operation?

Answer. No; as I explained yesterday, Mr. Stewart, the rate for the 60-foot unit, for the full car, was based upon the revenues per passenger-train car-mile for 1917, plus the 4 per cent addition for the excess over authorized service in that case, which was a very small percentage. The rates for the apartment cars were obtained in the same manner, and adding the excess of the apartment service,

which I think was 43 per cent. So, while the 31 per cent was taken up in a way, it was not taken up as you described. Only 4 per cent was added to the rate for the full car, and 43 per cent was added to the apartment-car rates to account for the unauthorized service.

Question. But it is based upon passenger car-mile revenue?

Answer. Yes; the measuring stick we used was the passenger-train car-mile revenue for the year 1917, as we wanted to get some unit which might be available from time to time to be used in readjusting it.

Question. That is, it is proposed by these rates to require the department to pay to the railroads the same rate or revenue for the mails as they receive for carrying passengers?

Answer. Well, it is not quite as much as the revenue for carrying passengers. It is based on the revenue per passenger-train car-mile, which includes the passengers, the express, and is reduced by the mail. The revenues from passengers proper would be, according to my calculations, 31.1 cents, in place of 29.3 cents, which we used. (R. 1665, 1666.)

* * * * *

Question (by Mr. STEWART). Mr. Worthington, referring again to the question of authorizing this space, we do not seem to agree upon what you intend to say would be the rule. You said, I believe, that the department would be expected to authorize the space which would be necessarily operated, but that leaves in controversy, does it not, all of this space that we have been talking about?

Answer. I do not think any space could be left in controversy, and I hope it will not be. Our plan proposed was to afford some protection against any injustice by the application of the rule of adjusting space at some point where it was physically impossible for the railroad to change a car. That is what was contemplated.

Q. You would think, then, that that would be the governing consideration, where it was physically impossible to change the consist of the train?

Answer. That was all, Mr. Stewart. (R. 1687.)

**RATE FOR DISTRIBUTION SPACE IN APARTMENT CARS
BASED ON PASSENGER CAR-MILE REVENUE (AND
PLUS AN ADDITIONAL PER CENT).**

Mr. WORTHINGTON testified on direct examination, as follows:

In fixing a rate for these apartment-car units we adopted the same plan as we did in fixing the space rate for the unit in the full cars, but took into consideration the greater

amount of excess over authorized space in those cars. The excess over authorized space as of April, 1917, was, as I recall, about 40 per cent. Therefore, the basing passenger train-mile revenue rate of 29.29 cents was increased by that percentage, which became the final measure of the pay for the space in the apartment cars.

* * * This produces, for the 30-foot apartment car, which contains 17 feet of distributing facilities, a rate of 10.7 cents per car-mile, which is a little more, equated to a 60-foot basis, than the rate for the full-car unit. * * * (R. 1496.)

HIGHER RATE FOR 70-FOOT CARS NOT JUSTIFIED, AS THEY FURNISH NO MORE FACILITIES THAN STANDARD 60-FOOT CARS.

Mr. McBRIDE testified on direct examination as follows:

With respect to the additional rate for 70-foot cars, which Mr. Worthington stated that he thought was necessary, on account of additional distributing space in such cars, I am informed that the greater part of these cars are upon the Pennsylvania Railroad, and, as a matter of fact, those 70-foot postal cars do not furnish, as a whole, any greater distributing facilities than the standard 60-foot mail car of the present day.

* * * * *

Question (by Mr. STEWART). I understand you to say that the distributing facilities in the 70-foot car are practically the same as in the 60-foot car.

Answer. Perhaps I had better read the comparative figures.

Question. I wish you would.

Answer. The Pennsylvania 70-foot cars furnish practically the same number of separations as provided (R. reported, *sic.*) by the standard 60-foot cars; in pigeonholes for letters, the Pennsylvania cars furnish 748 separations as against 696 in standard 60-foot cars, or 52 additional; but the facilities for distributing packages and papers furnish, as clerks are obliged to work in the cars, 227 separations as against 234 furnished by the standard 60-foot cars, or 7 less paper separations. The additional letter separations furnished in Pennsylvania cars represent approximately 1 foot of wall space on each side of the car, and the additional separations for papers furnished in the standard 60-foot cars represent substantially the same measurement. They are approximately alike. The construction of the racks and letter cases in the standard 60-foot car is such as to save room. As I understand it, the method of constructing

racks in the 70-foot car is such that several inches is taken up with a portion of the rack between each section, the rack being in sections, and in that way we lose a great part of that additional space. So far as storage space in Pennsylvania 70-foot cars is concerned, these cars, although 10 feet longer than the standard 60-foot car, furnish about 5 feet 6 inches greater storage space than the standard 60-foot car. Whenever this additional space is used now, under the space basis, the department allows the Pennsylvania Railroad Co. a 7-foot storage unit for the use of such space, thus increasing the earning capacity of the car to that extent.

It seems to me that the suggestion that a higher rate be fixed for those cars is without any merit on those facts. (R. 3778-3780.)

THE DEPARTMENT MUST PAY FOR THE DISTRIBUTING SPACE AS CONSTRUCTED BY THE RAILROADS AND REPRESENTED IN THE CARS.

Mr. WORTHINGTON testified on direct examination as follows:

Question (by Attorney Examiner BROWN). That is to say, there is no discretion about this thing. There are cars that have 8 feet of distributing facilities, there are cars that have 14, 11, 25, 30, and 37, so when you meet one of those cars, why, there is the charge to attach to it; it is not left to the Post Office Department to say that there is 8 feet of distributing space in this car, or for you to say that there is 20, and there leaving a field for dispute.

Answer. Yes, sir. This scale of distributing facilities was prepared by the operating committee of practical mail traffic managers, and represents the actual feet of distributing facilities now contained in these various units.

Question (by Mr. WOOD). And the pay proposed is the pay for the feet occupied by those distributing facilities only?

Answer. Yes, sir, for those facilities only. Any weight in those cars which would naturally be carried in the remainder of the car, which does not contain these facilities, would come under the weight basis of pay. The space basis would apply to the part of the car which contains the distributing facilities.

Question. So it makes no difference whether the length of the apartment is 30 feet or what the length of the apartment is, the pay which we propose is for the number of feet of distributing space fitted out in that car as a stationary structure?

Answer. Yes, sir. (R. 1494, 1495.)

THE RAILROADS' PROPOSITION THAT THE DEPARTMENT SHALL PAY FOR THE MAXIMUM AUTHORIZATION OF DISTRIBUTION SPACE BETWEEN POINTS BETWEEN WHICH ANY DISTRIBUTION SPACE IS USED.

THE RAILROADS' PROPOSAL THAT DEPARTMENT SHALL PAY FOR THE AUTHORIZED SPACE TO THE END OF THE CAR RUN.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Just below your schedule there you have space for distributing facilities, according to the rate scale prescribed, shall be paid for over the necessary operating run of the car, computed on a round-trip basis. Under that provision, I assume that you would apply these rates not only to the authorized mileage, as we have been discussing it here, but to the additional space, which, we might say, is roughly approximated by 31 per cent more.

* * * * *

Question. I am speaking of what is meant by this term "necessary operating run."

Answer. Well, my understanding of that is this: that if a car starts out with an authorization, say, of 30 feet, and it is reduced, say, to 15 feet, before it comes to the end of its necessary operating run, it would seem proper that the rate should extend to the end of the necessary operating run, as it would be a physical impossibility in that case to change the car. (R. 1666, 1667.)

PAY FOR THE MAXIMUM NUMBER OF LINEAR FEET OF DISTRIBUTING SPACE AS FAR AS ANY DISTRIBUTION SPACE IS NEEDED.

The following statement for the railroads was made:

Attorney Examiner BROWN. Well now, I don't see any difference between your proposition, so far as the 60-foot distributing car is concerned, and that offered by the carrier. As I understand it, the only difference is, of course, in the amount that is carried in the storage car over and above the vacant space, the occupied space to be paid for at the rate; but the discretion as to whether it should be a 15-foot distributing car or a 30-foot or 60-foot would still rest with the Department under your plan, would it not, Mr. Wood?

Mr. WOOD. Under our plan the department would determine the number of linear feet of distributing space that they require, and then our plan proposes that they shall pay for that full number of feet over the whole run of the car.

Attorney Examiner BROWN. Over the whole run of the car?

Mr. WOOD. Absolutely.

Attorney Examiner BROWN. Whether they used it under a different authorization beyond?

Mr. WOOD. Whether they use it under a different authorization beyond or not.

Attorney Examiner BROWN. I did not so understand the rule.

Mr. WOOD. When Mr. Worthington was on the stand and was asked about that, whether that might not result in requiring the Post Office Department to pay for the running of the linear feet in that car beyond the point where they used any distributing facilities at all, he said that that was not the intention; and so we shall propose, and this is as good a time to propose it as any, that that rule be qualified by saying that the department shall, at its discretion, determine the linear feet of distributing space required in any given car, then they shall pay for the maximum distributing space required in that given car between the points between which they use any distribution at all. If they get to the point where they can eliminate all distribution, and we see fit and are required as a matter of operating necessity to carry that car on, we would get no pay for the linear feet of distributing space in that car from that point, but only for the weight in it; but if on a run such as this run from Lincoln to Billings that we have been discussing the Post Office Department needs the number of feet of distributing space which, I think, is 37, in a car from Lincoln as far as Alliance, and then they need only 17 or something like that from Alliance on, that we should be paid for that 37 feet through, because of the utter impossibility and impracticability either of making a change of the car or of devising any rule which we think would be definite and certain. On the other hand, if at Alliance they were able to shut off distribution entirely, and for the same operating reasons we carried the car with the storage mail in it through into Billings, then we would not expect them to pay for the distributing space beyond that point. In other words, what we are trying to do, Mr. Examiner, is to suggest a set of rules here which cannot be open to any controversy. (R. 3540-3542.)

THE RAILROADS' PROPOSAL FOR WEIGHINGS SUBJECT TO THE OBJECTIONS TO THE OLD SYSTEM AND TO THE ADDITIONAL OBJECTIONS AGAINST WEIGHING BY RAILROAD EMPLOYEES.

THE METHOD OF WEIGHING AND TABULATION UNDER WEIGHT BASIS DESCRIBED. THE METHOD NECESSARILY EMPLOYED IN A WEIGHING.

Mr. McBRIDE testified on direct examination as follows:

Previous to the weighing the officers in the field—by that I mean the officers of the Railway Mail Service in the section to be weighed—make report on blanks prepared for that purpose of all trains carrying mails on each route to be weighed, and prepare an outline or scheme of weighing for each route, showing all the trains on that route which carry mails, listing those mails, and indicating the points between which they are carried, their frequency, and indicating on this same form their recommendation as to the manner in which these weights shall be secured, whether by train weigher, by station weigher, or by postmaster.

The weights on some trains—usually those trains are the ones carrying railway postal cars, or occasionally a closed pouch train where exchanges are frequent—are taken care of by weighers assigned to the trains. The mails carried on some others—usually the smaller railway post office trains—are arranged to be weighed by the railway postal clerks, where it can be done without serious derangement of the work in the car. On other trains, which usually are the smaller closed-pouch trains, with few exchanges, and generally on the routes having closed-pouch service only, the weights are reported either by weighers located at the stations or by postmasters. Our policy as regards weighers at stations was to assign them to stations which are of considerable importance and handle a great many different trains a day. We did this partly to secure the weights on express trains, closed-pouch trains, and partly to supplement the work of the weighers on the trains by enabling weights to be taken outside of the car where a large quantity was to go in the train, and where it would interfere with and delay the work in that car. Weight cards and scales have been furnished in the past by the railroad companies, and * * * weighing blanks are furnished by the department.

Question (by Mr. STEWART). Mr. McBride, did you not omit one important preliminary to the steps you have mentioned; that is, the riding of the lines by service men to ascertain whether or not the mails are in normal condition over them?

Answer. That is true. For some time previous to the commencing of the weighing, a very careful survey is made of the situation on all the trains, and an effort made to correct any wrong conditions that may occur in the service; that is, eliminating unnecessary dispatches of mail or things of that sort.

Question. Well, to ascertain also whether or not the mails that are being transported are flowing in the usual course of business, or whether there is any extraordinary condition which might require investigation to determine whether those weights are fair.

Answer. I think those matters would come within the scope of this preliminary investigation and survey.

The weights taken by train weighers are reported upon cards similar to the sample which I have prepared, and which I shall be glad to submit. * * *

You will note that this card is arranged to cover the train run. There is a similar card for the return movement, in which the stations are arranged in reverse order. This card represents the weight carried on the Washington-Harrisonburg railway post-office train 21, and are exact copies of the actual train cards used during the statistical weighing of April, 1917, except, as I stated, it is the consolidation of all the weights, instead of an individual daily weight card.

As will be noted, these cards provide for the entry of weights taken on and put off at each station of the route, the mail being weighed at each station by the train weigher before they are put out of the car or after they are received into the car. At stations where a station weigher is located it is customary for him to weigh the mails received and dispatched from this train, and he informs the train weigher by memorandum slip of the amounts of such weights. It is sometimes necessary for him to telegraph that information, where he has a considerable amount of mail to weigh, and the train departs before he completes that duty. The train weigher enters upon his weight card the weights taken as described, and when the end of the run is reached, and all weights accounted for, the total of the "taken-on" weights should approximately equal the total of the "put-off" weights. The weighers, however, do not undertake to exactly balance these cards, although every effort is made by them to as nearly as possible secure an approximate balance; but the exact balance is left to be adjusted in the office of the division superintendent of Railway Mail service before the cards are forwarded to the department for tabulation.

Question (by Mr. Wood). Now, Mr. McBride, that basis of weighing on and weighing off, and the tabulation of

weights on and off, from day to day, by trains, is absolutely necessary, is it not, to any system of weighing in which we must obtain either an average daily weight or the ton miles?

Answer. It is. I should qualify my answer by stating it may not be necessary absolutely to obtain them in the manner I have described, but they must be obtained from some source.

Question. That is what I mean.

Answer. The weighing on the trains is given personal supervision by the postal clerk in charge, who is held responsible for the accuracy of the reports. He is required to sign them in company with the train weigher. The cards, after completion of the run, are transmitted to the division headquarters, railway mail service, where they are carefully scrutinized, balanced, and then forwarded to the department.

In balancing the cards, if a large discrepancy is found, effort is made to locate and adjust the weights by an investigation, so as to decrease the amount of difference, if possible. Several investigations are made in all such cases. If the discrepancy is a small one, and the investigations in the cases involving larger amounts prove unsuccessful in locating the cause of the difference, the cards are balanced by dividing the amount of difference equally between the weights taken on at the initial terminal and those put off at the end of the run, subtracting from one and adding to the other, thus equalizing the discrepancy over the entire run.

The weights taken at the stations by weighers located at such points, and those taken by postmasters, are usually reported on weekly statement sheets, except that in some cases they do use cards, particularly the station weighers. Those mails dispatched are reported on what is known as a "dispatched" report, and those received on a "received" report. These reports take the same course as the cards, through the division superintendent, railway mail service, to the department.

When received by the department, under the plan which has been in vogue for a number of years past, of performing the tabulations and consolidations in the department in Washington, all of the reports for a particular route are collected, assorted by trains, by weeks, and are then consolidated by weeks; so that at the conclusion of the weighing, the weights carried for each particular train are represented by 15 cards, each covering one week's weights carried on that train. These 15

cards are then consolidated into one card, representing the entire weight carried on the train during the whole of the weighing period. The final cards for all of the trains of a route are then combined with such weights as may be reported by station weighers or postmasters upon a large sheet, from which a result is obtained, which is transcribed upon a form known as Railroad Weight Circular, samples of which for the route in question I submit herewith. * * *

The WITNESS. By reference to this railroad weight circular it will be noted that the stations on the route are entered in column 2, and that the "outward" and "inward" weights are separately entered, with "taken-on" and "put-off" columns under each head.

This statement is a consolidation of the weights carried on this route during the statistical weighing of the spring of 1917, from which you will see that there was a total of 207,670 pounds carried outward and 132,470 pounds carried inward.

I might state that from this point on the process would be the same, no matter how the mails were weighed. That is, the ascertainment of the average daily weight and the ton miles would be the same, no matter how the mails are weighed.

The next step is the ascertainment of the pound-miles and average daily weight from the consolidated daily report, and I will briefly describe the method of such ascertainment.

Take the weight circular which I have submitted. We first insert at the left of the stations the distances between them, column 1. That is, showing the distance from Washington to Alexandria, and Alexandria to Springfield. These distances are expressed in hundredths of miles, and are taken from the distance circular furnished by the company. This distance circular is a sworn statement furnished by the companies for each railroad mail route.

We first start with the weight taken on at Washington under "outward" trains. The totals of items 1 and 2, in column 4, 138,886 pounds, is multiplied by 8.10 miles, the distance to the next station, which in this case is Alexandria. This result produces the pound-miles.

If you will refer to the second part of the exhibit, you will see the exact process.

We then ascertain the difference between the weights put off and those taken on at Alexandria, which, in this case, amounts to 3,239 pounds, and there having been more mail

put on the train than was taken off, we add that difference to the 138,886 pounds, producing 142,125 pounds, which we multiply by 6.40 miles, the distance to Springfield, the next station where mails are exchanged.

At Springfield, the same process is gone through, except that in this case the mails put off, having exceeded those taken on, the difference is subtracted instead of added.

This process is followed with respect to each station on the route until we reach the last one, where, if the weight circular is correct, and all computations are correctly made, the last remainder carried from Linville station to Harrisonburg, should be the amount shown as put off at Harrisonburg on the weight circular. In other words, the figures prove themselves if correctly prepared.

Question (by Mr. STEWART). Now, Mr. McBride, that process, under a weighing system, which is necessary to produce pound-miles or an average daily weight, will apply to every route in the country, and the mails on and off at every station on every route in the country?

Answer. That is right. By the foregoing described process, we ascertain the total pound-miles of mail carried on outward trains during the weighing period. The same process is followed in the case of the inward trains, producing the pound-miles for the inward trains. The pound-miles for the outward trains are then combined with the pound-miles for the inward trains, which produces the pound-miles for all trains on the route, and, of course, to get the ton-miles on that route, we would have to first divide by 35, and then multiply by 365, and divide by 2,000.

Under our old plan, of course, we did not compute the ton-mileage. We computed the average daily weight, which was ascertained by dividing the total pound-miles shown on this exhibit by the total length of route, 146.46 miles, and the quotient obtained by this division again divided by 35 days, the number of days in the weighing period, produced an average daily weight on the route of 4,527 pounds. That is shown on the last sheet of the exhibit.

Question. That means that much weight carried over every mile of route, and for which we paid?

Answer. Yes, sir. Now, to get the ton-miles on this route it is, of course, necessary to multiply this daily weight by 365 and divide by 2,000, which would give the annual ton-miles on this route. (R. 3726-3735.)

GENERAL OBJECTIONS—REVIVAL OF DISCREDITED METHOD.

- (A) **RESTORATION OF WEIGHT BASIS WOULD AGAIN BRING TO THE FRONT ALL OF ITS DEFICIENCIES, ITS LACK OF FLEXIBILITY, AND THE INABILITY TO COMPENSATE FOR UNUSUAL CONDITIONS.**

Mr. McBRIDE testified on direct examination as follows:

The restoration of the weight basis would, in my opinion, again bring to the front all of the deficiencies that have always inhered in such a basis, i. e., its lack of flexibility, and the difficulties in the way of recognizing an unusual flow of mail, or inability to recognize by additional compensation when additional mails are carried through diversions resulting from disturbances in the even course of the mails, such as floods, earthquakes, and so forth.

The files of the department are full of cases where the department has been obliged, under the old weight basis, to decline to recompense companies, which, under such circumstances, were compelled to transport large quantities of mail not carried by them during the weighing period.

A conspicuous case in point is that which applied on the Maine Central, the Boston & Maine, and the New York, New Haven & Hartford Railroads at the outbreak of the war, when an exigency arose for the handling of a large quantity of mail landed from the liner *Kronprinzessin Cecilie* at Bar Harbor, Me., which was carried to New York. There were 7 carloads of this mail transported, requiring a special train, and, under the law, the Department was—that is, the old law—without authority to allow any compensation therefor, as those mails were not included in those weighed during the weighing period. Consequently, the company was compelled to appeal to Congress, which body passed a law granting such compensation in this case.

Question (by Mr. STEWART). The roads would have been specially compensated for that movement under this space basis?

Answer. Absolutely. They would have been paid for 7 cars over the distance transported, and if they operated the cars in a return trip, they would have been paid for the return trip.

Similar cases occurred during the troubles with Mexico in 1914, when practically no mails were dispatched to that country over the lines ordinarily carrying those mails, and which lines were being weighed in the spring of that year. Consequently, the weights on some of the lines,

because of not carrying such mails, showed a very slight increase in weight over 1910, and some roads, I believe, showed an actual decrease. The Department was here again powerless. It could not estimate such weights, nor could it weigh them when the dispatches were resumed, as there was no way of determining how much of the matter was new matter.

Concerned in the same case was the Florida East Coast Railway and the Atlantic Coast Line Railway, on account of the dispatch of a considerable amount of Mexican mail and mail for the United States forces at Vera Cruz, via Key West; but, as in the other cases, no pay could be allowed under the law.

Question. As I understand you, Mr. McBride, after the weighing had occurred and the pay had been adjusted for four years, these diversions occurred, by which mail for Mexico and Central America, which ordinarily would go through St. Louis and south, were diverted over the Seaboard—

Answer. The Atlantic Coast Line.

Question. The Atlantic Coast Line, and over the Florida East Coast to Key West, where they were not carried during the weighing period, for which the companies never received any compensation.

Answer. That is correct, according to my understanding of it.

Question (by Attorney Examiner BROWN). Do you discuss later on the question of the proposition of the railroads to have this weighing occur yearly instead of every four years?

Answer. Yes, sir. Recurring to the instance that I cited on the Boston & Maine, I would like to contrast with that some actual instances of a similar nature that have occurred since the installation of the space basis where we have actually paid for additional cars to transport mail under exactly identical circumstances.

On November 18, 1918, the steamer *El Oriente* arrived in Newport News, Va., with 1,610 sacks of mail. It never had landed there before. The department loaded one car, a complete car, to Cincinnati, and another complete car to Washington, for which the companies were paid the regular space rates (R. "weights," *sic*).

On November 23, 1918, the steamer *Tosa Maru* landed at Baltimore, Md., an unusual occurrence, one that never had occurred in the regular service previous to the war. On this occasion a full car was loaded and dispatched to Harrisburg, Pa., a car loaded and dispatched to New York, another car dispatched to Washington, D. C., and, in

addition, 346 sacks were sent to New York on New York and Washington train 140, and an additional storage unit authorized to take care of it.

Question (by Mr. STEWART). If those extraordinary situations had occurred under the weight basis system, the department would have the right to demand the carrier furnish three cars in the case of the ship that landed at Baltimore, and two cars in the case of the ship that landed at Newport News?

Answer. I think so; yes, sir.

Question. That was the law?

Answer. Yes, sir.

Question. And they had to transport that for nothing?

Answer. Absolutely.

Question. And you assume that that would be so under any weight basis system that could be devised?

Answer. The only advantage that the railroads' basis would have over the old basis, it seems to me, is that there would be a weighing more frequently, and if any such conditions occurred during the weighing period, they would be reflected in the pay for that year.

Question. That is, you would be paying for a shipload of mail throughout the year? * * *

On December 31, 1918, the steamer *Aeolus* arrived at Newport News, Va., and it was necessary to dispatch a complete car to Richmond, Va. At that point the car was unloaded, and the mail was dispatched on various trains, requiring, in some cases, additional storage space units.

On January 6, 1919, the steamer *Pastores* arrived at Newport News, Va., with 3,097 sacks of mail. In this case three cars were loaded and dispatched, and paid for—one car to Cincinnati, Ohio; one car to Washington, D. C.; and one car to New York City.

On February 13, 1919, the same steamer again arrived at Newport News with 1,470 sacks. The same cars were again loaded and dispatched—the same number of cars.

On April 19, 1919, a collier arrived at Norfolk, Va., with mail by reason of which it was necessary to dispatch two loaded cars, one to Cincinnati, Ohio, and one to Columbus, Ohio.

Question. Now, Mr. McBride, have you considered, in that connection, that if this ship had not arrived at Newport News, but had made its usual port, the amount of mail would appear in the weights somewhere?

Answer. I did not intend to state that the same conditions did not happen at ports where they usually arrived.

In fact, they are coming there every day, and additional cars are assigned to carry it. This does not lie in the unusualness of it. This is only to show—these are sample cases simply to show what happened at ports where it never did happen under ordinary conditions.

Question (by Mr. STEWART). And under a weight basis, unless those arrivals were during the weighing period, the railroads would not have received pay for that service?

Answer. No; and if it had occurred during the weighing period, as I stated before, the weight, although there might not be a recurrence of a similar movement during the remainder of the adjustment period, yet the pay for that weight would be reflected in the pay of the railroads during the whole term, and under the railroads' plan, it would go back to July 1 previous. (R. 3714-3720.)

(B) TRUE WEIGHT NEVER ASCERTAINED UNDER WEIGHT BASIS; UNSCIENTIFIC AND WAS GUESSWORK TO LARGE EXTENT.

Mr. KNOX, on cross-examination, testified as follows:

Question (by Mr. WOOD). Under the weight basis, in so far as the payment comes from weight, then the measure is fixed and definite and does not depend upon the judgment or the personal characteristics of any individual in the Post Office Department. Do you understand that question?

Answer. I think I do.

Question. Well, can you answer that?

Answer. I would say it does depend, to a great extent, even then; yes.

Question. What does he do to the scale?

Answer. He doesn't do anything to the scales, but he exercises his privilege and prerogative, or has to eliminate certain weights to make fixed balances, to make arbitrary balances.

Question. Well, you don't mean to say that under the weight basis the Post Office Department did not pay according to the true weights as ascertained, do you?

Answer. There never was a true weight ascertained, Mr. Wood, under the weight basis.

Question. What?

Answer. There never was a true weight ascertained under the weight basis. It is absolutely unscientific. It has been guesswork to a large extent.

Question. Why was not the true weight ascertained?

Answer. Because it was physically impossible to get a true average with the variety and multitude of temporary men that had to be employed to get these weights.

Question. Now, if you take the weights, they have to balance on and off, you get just as close an ascertainment of the weight carried as you do in weighing anything else.

Answer. I have seen them lack some 30,000 to as high as 100 from balancing on one particular run, yet we had to use those weights in paying the railroad company. (R. 3103-3105.)

(C) UNCERTAINTY OF AVERAGE DAILY WEIGHT OBTAINED UNDER WEIGHT BASIS.

Mr. KNOX testified, on re-direct examination, as follows:

Question (by Mr. STEWART). Referring to your testimony regarding the weighing of the mails under the weight system, is it not true that in addition to the disadvantages to which you referred—I will say not disadvantages, but the uncertainties to which you refer—under any weight system as it has been administered—it becomes necessary to choose a period of weighing?

Answer. It does, yes; and it always has under any weight system we have had.

Question. Because the weighing can not continue during the whole year, and it must be arranged for a limited period?

Answer. It is entirely impracticable, I think, for the weighing to continue during the whole year.

Question. And the purpose of choosing such a period as provided by the statute under the old system was to secure a period which would produce a fair average daily weight for the entire period?

Answer. That was the design of it; yes, sir.

Question. Now, is it possible to always choose such a period which will produce an exact average?

Answer. I would not think so.

Question. So that there would be always that uncertainty?

Answer. That uncertainty remains with the weight basis always.

Question. Even though the executive officer might do his very best and use his best judgment?

Answer. Yes, sir. (R. 3191, 3192.)

(D) MORE INEQUALITIES UNDER WEIGHT-BASIS SYSTEM THAN UNDER SPACE-BASIS SYSTEM.

Mr. GAINES testified on cross-examination as follows:

Question (by Mr. WOOD). Now, when the pay for the volume of mail carried, as distinguished from the pay for the space and the distributing facilities solely, is under considera-

tion, then, under the weight basis, the railroad company performs that service which you demand, namely, the carriage of that volume of mail which you tender to the railroad company, and it performs it just in the manner in which it becomes necessary for it to perform it in connection with the train operation, and all of this dispute as to how much space they should be paid for would disappear entirely, would it not?

Answer. Mr. Wood, the controversies might disappear in some directions, but there were more inequalities under the weight basis, toward the end of the weighing period, in one day, than there would be under the space basis in a week or a month. (R. 3297.)

(E) OBJECTIONS TO ANNUAL WEIGHING PLAN OF RAILROADS.

Mr. KNOX testified on re-cross examination as follows:

Question (by Mr. ASHBAUGH): Mr. Examiner, I would like to ask the witness why the weight basis is suggested in the plan introduced by the carriers of weighing the mails for 35 consecutive days beginning on the second Tuesday of September each year, and making that average the basis for the compensation for that fiscal year—what objection would you have to that?

Answer. The objection is that we are paying the company for 11 months and 25 days on an estimate based upon 35 days, when the mails may fluctuate, may vary, may increase, may diminish. It is an estimate, exactly the same as the old weight basis, only it is once a year instead of once every four years.

Question. You think it would be fairer, though, than once in four years weight prior to the quadrennial period to which that basis was applied, don't you?

Answer. It would produce a closer average; yes, a fairer average.

Question. And it could be averaged back to the 1st of July as well as extended to the 30th of the succeeding June, could it not?

Answer. Entirely practical to average it back; yes, sir.

Question. That is all I care to ask you. (R. 3211, 3212.)

(F) ANY WEIGHING OF THE MAILS SHOULD BE DONE BY THE POST OFFICE DEPARTMENT.

Mr. STONE testified on cross-examination as follows:

Question (by Mr. WOOD). Mr. Stone, suppose this weighing was done at the expense of the railway, in the same way in which they weigh other things that they carry, so that

that eliminated from the Post Office side of it the expense of weighing. Then, what do you say as to the relative expense of the administrative work in the two systems of pay?

Answer. Well, I do not think the railroad companies should be permitted to weigh the United States mail. I think that is a function of the Post Office Department. The law charges the department with it, under the old weight system.

Question. You do not think the sworn weighmasters, whose weights are accepted in all other classes of transportation business, are competent or are to be trusted to weigh the mail?

Answer. No; I do not say that, but I think the work should be done by representatives of the department, if it is going to be done at all. Besides that, the continual weighing of the mail—if that is what your question implies—rather hampers and interferes to some extent with the expeditious handling of the mail. It was a disadvantage under the old weight system, during these quadrennial weighings, to stop and have the mail weighed at every station. Under the space system, that has been entirely done away with. (R. 381,382.)

DIFFICULTIES OF SECURING AND BALANCING WEIGHTS UNDER RAILROAD PLAN.

(A) DIFFICULTY IN SECURING WEIGHT AT POINTS WHERE NO RAILROAD REPRESENTATIVE LOCATED.

Mr. McBRIDE testified on direct examination as follows:

Another difficulty in connection with the reporting of the weights by the railroad employees arises from the fact that on many railway post-office trains a considerable number of exchanges of mail are made at stations where no railroad employees are located, such as at points where there is not even a railroad station, the mails being exchanged by means of a crane, and being carried to and from the post office by an employee of the department. The railroads have not indicated how they would have these weights reported, but they have no representative at such points, and I presume they would expect the department to secure those weights. (R. 3739.)

(B) DIFFICULTY IN SECURING BALANCED WEIGHTS UNDER RAILROAD PLAN OF TAKING WEIGHTS.

Mr. McBRIDE testified on direct examination as follows:

Answer. Another feature which your question has brought to my mind is the question of obtaining balances between the "off" and "on" weights under the railroads' plan.

Under the department's plan of weighing by weighers located on the trains, all of the weights carried on a particular train are weighed by one person upon the same scales, under which condition, of course, it is much easier to secure a balance of weights than under the railroad plan, where the weights would be taken by as many persons as there were stations on the route which exchanged with this train; and, of course, there would be quite as many different scales as there were stations. I very much doubt that, under those circumstances, we would be able to secure anywhere near a balance without practically forcing every single balance. Even though we got the result for a train by the circuitous process I have described, and got these weights from all of these reports, I doubt very much if any of them would ever be anywhere near a balance, for the reasons I have explained. (R. 3738, 3739.)

(C) UNSATISFACTORY INVESTIGATIONS OF DISCREPANCIES WITH RAILROAD EMPLOYEES OWING TO FREQUENT CHANGE OF PERSONNEL.

Mr. McBRIDE testified on direct examination as follows:

I might also state in this connection that our investigations to endeavor to locate discrepancies between weights put off and taken on at different points have not been very satisfactory when conducted with the railroad companies. I do not wish to intimate that because there is anything ulterior or wrong in their method of handling it, but because their employees change so frequently. They do not have the same man in the same position throughout the period. For instance, a discrepancy will occur to-day, and by the time that case comes around and we are ready to make our investigation, that employee may be somewhere else. He may not be in that position. Consequently, our investigations, so I am told by those who have conducted those investigations, have been very unsatisfactory. (R. 3739, 3740.)

(D) NECESSARY TO HAVE WEIGHTS TABULATED BY TRAINS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). But before we get to that, so far as this question of the reports is concerned, why would it not be entirely feasible for each station to make you a consolidated report of the mail on and off at that station, accompanied by such detail as might be required? Now, after all, when you have got through balancing the trains, the purpose of it is to balance the weight of the route as a whole, is it not?

Answer. That is one of the purposes.

Question. That is the final purpose, is it not?

Answer. Of course, it is necessary for us to have the weight by trains, because, after the weighing is completed, we ascertain the value of each train in order to get a basis for making deductions.

Question. Fines, you mean?

Answer. No; not fines. Deductions for services not performed. That is not the basis for fines. It is the basis for deductions for services not performed. Therefore, it is necessary for us to get the total weights for that period carried on each of the trains, in order to get a relative value for each of the trains. (R. 3986, 3987.)

(E) WEIGHING INTERFERES TO SOME EXTENT WITH WORK IN THE POSTAL CARS.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). * * * What have you to say with reference to the effect of any weighing in the cars upon the time of the clerks, and as to whether or not it interferes with distribution?

Answer. I think the weighing to some extent interferes with the distribution, although we make every effort to make such provision as would prevent any serious interference. Of course, having an additional man and a scale in a car unquestionably does interfere to some extent.

Question. But, nevertheless, if this weighing is to be made, you think it should be made in the car?

Answer. I do. (R. 3740.)

(F) SUPERVISION UNDER RAILROAD PLAN OF WEIGHING WOULD BE TROUBLESOME AND EXPENSIVE.

Mr. McBRIDE testified on direct examination as follows:

The question of supervision is another troublesome one, I think. It would be manifestly impossible for the department to supervise the weighing at all railroad stations, and even if attempted at points where a considerable amount of mail is handled, it would entail an expense which would aggregate a large sum, and might approximate the cost of actually performing the work of weighing. (R. 3742.)

(G) NOT PRACTICABLE TO HAVE WEIGHTS OF MAIL VERIFIED BY RAILROAD WEIGHING AND INSPECTION BUREAUS; CASES VERY DIFFERENT IN CHARACTER.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, the railroads have what they call, or they have had in the past,

and I suppose they are still using them, what they call weighing and inspection bureaus. They have one at Buffalo, with Mr. Limberger in charge, I think. At Chicago they used to have Paul Rainier in charge. I do not know who is there now. At Kansas City they have another outfit, and then there is one in the South, I think, and one out on the coast. Those are weighing and inspection bureaus, and they have a force of men who check up what is called transit, transit in grain, and transit in cottonseed meal, grain passing through elevators, going in on estimated weights and out again. They check the weights in and out, and they also check up the weights where the traffic comes in in hampers or boxes, like cantaloupes are shipped, under estimated weights, as well as lettuce, cabbage, and so forth, which have been shipped from the South on estimated weights. I believe under the new classification that is to be changed to a car rate; but that has operated to reasonable satisfaction throughout the country in determining by the carriers the amount of freight that the shippers should pay.

Do you think there is any difference in the principle that is now proposed by these carriers with respect to the weight of the mail, except this—and I admit it is quite a distinction—that this weighing is to be done at the station by railroad employees?

Answer. It seems to me, Mr. Examiner, that the cases are very, very different. In the case of the mails, we have to ascertain the ton-miles. Therefore, we have to get the mail on and off at every station and the total of those weights on and off at every station for the period of the weighing. Otherwise, we are unable to obtain our ton-miles. I take it that the object in getting these weights in these weighing bureaus that you speak of is simply to determine the compensation.

Question. To determine the charges; yes.

Answer. The question of ton-miles does not enter into it, except as it is reflected in the rates they charge for these particular commodities?

Question. Of course, it is very important to the shipper and the receiver that there is transported no less than is paid for, and for years and years the public has left it with these railroad employees to determine. Of course, they are sworn officials. I do not know whether they are bonded or not.

Do you know, Mr. Burgess, or Mr. Wood, whether they are bonded?

Mr. WERTLING. I think they are, but I am not sure of that.

Attorney Examiner BROWN. My impression was that they were bonded employees. Of course, there is just this distinction between that class of men and the weighers that are proposed in this case. They are experienced men. They have been in the business a long time, and are under the supervision of men who have been conducting that for a great many years. Of course, it must be assumed that in weighing the mails, there would be supervision by the railroad through experienced men. They might collect the very heads of their weighing and inspection bureaus to have that in charge and to see to it that the weights were accurate as nearly as possible, and that the Post Office Department should be required to pay no more than the mail hauls. However, it is a very much more complex situation, because it applies to every station.

The WITNESS. There is another difference, it seems to me, Mr. Examiner. That is, the work these men do simply determines what they will pay for a specific shipment, while the weights upon which this mail pay is based will cover the transportation of the mails for the period of a year. It seems to me that that is a very vital difference in the two cases.

Question (by Mr. Wood). Well, Mr. McBride, this is the situation with the weighing of freight at all these stations; they enter the freight, they have to make out a waybill and a bill of lading; it all has to go to the accounting department; there is just as much machinery there, and it does not seem to be very burdensome in ascertaining the weights and the distance hauled and in applying the rate. They are doing that.

Answer. I admit that, Mr. Wood.

Question. They are doing that right along. Now, why can't they do that with equal facility, under the supervision of men such as the examiner mentions, namely, these weighing and inspection bureau experts, who would lay out the plan and supervise the work and do the checking?

Answer. I admit it is physically possible, Mr. Wood, for the railroads to weigh the mails. I never for a minute would assert anything else.

Question. There is not any more difficulty, is there, in arriving at the truth with respect to the weight of the mails to be weighed by the agent at the station, than there is in ascertaining the truth as to the weight of freight that is shipped out of that same station?

Answer. There is this difference, I think, Mr. Wood, that the department has to safeguard its interest. The individual shipper, when he takes a package of freight to

the freight house, knows what its weight is, just as well as you do, and if the weight is wrong, and it is not corrected, he can make a protest and have it rescinded. He knows what that stuff weighs, and there is not much chance for the weight to be wrong, because it will crop out before he pays his freight charge. On the contrary, as to the mails, unless we had a supervisor at every station, we would have no guarantee that those weights were correctly taken.

Question. Well, the ordinary shipper, in theory, may check up the weights of the railroad company, but, as a matter of fact, he sends his stuff down to the freight house and it is weighed, or he loads it into the car and it is weighed on the track scales, and he takes the weights.

Answer. I expect that is true in practice. I do not mean to insinuate that the railroads would deliberately falsify the weights.

Question. No; I understand that what you were trying to do is to primarily protect against error.

Answer. Yes, sir.

Question. Now, this work that these weighing and inspection bureau men perform in connection with the transit privileges, for instance, which the examiner has referred to heretofore, is infinitely more complicated?

Answer. I think so; yes.

Question. Than anything they would have to do in order to arrive at a check on these mail weights, and if, at important points, the mails were weighed by experienced men, and at local stations, by the station agent, who usually is at least as accurate an individual as you will find in the community, as a general proposition, at these small stations, and if the reports and records of those men are sent in to the weighing and inspection bureaus for checking and consolidation and tabulation, where the Post Office Department might also have its representatives, do you see any reason to believe that you would not have a reasonable accurate check on that as to the balancing on and off and otherwise?

Answer. I would not want to express an opinion as to that, Mr. Wood. It may be that such a thing is possible. (R. 3757-3762.)

COST OF WEIGHING.**(A) WEIGHERS EMPLOYED DURING QUADRENNIAL WEIGHINGS.**

Mr. McBRIDE testified on direct examination as follows:

I might also state in this connection the number of weighers that have been employed in some of the past weighings.

In 1912, in the second contract section, we employed 342 weighers and tabulators—271 on trains, 49 at stations, and 22 tabulators at division headquarters. At that time the weights were tabulated at the various headquarters.

In the first contract section, a part of which was weighed in the fall of 1912 and part in the spring of 1913, there were 960 weighers employed—561 on trains, 333 at stations, and 66 at division headquarters.

Including the 10 railway postal clerks detailed as tabulators, the weighing of 1914 in the fourth contract section involved the employment of 823 weighers—585 on trains, 185 at stations, and 53 at division headquarters.

In 1915, in the third contract section, we had 1,173 weighers. The third contract section is the heaviest in the country, including the Middle Western States. We had 793 train weighers, 321 station weighers, and 59 men at division headquarters handling reports. In 1916, in the second contract section, we had 363 weighers. (R. 3756.)

(B) ESTIMATED COST OF WEIGHING FOR 35 DAYS ANNUALLY UNDER RAILROAD PLAN GREATER THAN UNDER OLD SYSTEM OF QUADRENNIAL WEIGHINGS.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). As I understand you, your proposition is that to have an annual weighing, to shorten up the period from 105 days to 35 days, and to shorten the period from four years to annually is to enormously increase the expense; also to lead in the direction of, if it does not result in, inequalities either for or against the carriers or the department; and that the method proposed by the railroads to have the weighing done by their employees, to be supervised and checked by the Post Office Department, would require a great length of time in which to determine the amount of payment for all the carriers in the country? Is not that the substance of it?

Answer. That is the substance of it.

Mr. WOOD. I did not understand the witness to say that to shorten the period from 105 to 35 days and make the weighing annually would enormously increase the expense.

Attorney Examiner BROWN. He gave some figures about that. It may be I have confused what the witness said with what appeared in the letter here.

Mr. WOOD. I do not understand the letter to show that it would enormously increase the expense, but, on the contrary, that it would reduce it.

The WITNESS. I do not know that I exactly understand all of the examiner's questions in regard to the expense. Could you repeat the inquiry?

Attorney Examiner BROWN. Yes. In that letter it says the cost of a 35-day weighing in the tabulation of the entire country would be \$500,000 a year. Multiply that by 4 and you would have \$2,000,000, as against \$1,326,000. That is the way I figured it in my own mind.

Mr. WOOD. I see.

The WITNESS. Take it for the four-year period. We believe the weighing all over the country for 35 days under the old method would cost more than the weighing held quadrennially for 105 days.

Mr. WOOD. You do not mean that each year?

The WITNESS. No; not each year, but spread over the entire four years. (R. 3751-3753.)

(C) POST OFFICE DEPARTMENT WOULD NOT OBJECT TO RAILROADS PAYING COST OF WEIGHING, ON A PROPER BASIS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, so far as the question of taking the weights is concerned, you do not see any objection to that part of the plan of the railroad company that proposes that the railroad company shall pay for it?

Answer. Well, if a proper basis for that payment were arranged, I do not know whether the department would object to that or not.

Question. If the weighing is conducted in the manner in which the Postmaster General thinks it should be conducted or, let us say, in the manner in which the commission thinks it should be conducted, and the railroads pay for it, you do not see any objection to the payment part of it?

Answer. Possibly, if the department has entire control of the weighers and weighing, and could arrange to bill back to the roads the cost on particular routes, personally I would see no objection to that, if the weight basis was continued or agreed upon as the final basis. (R. 3993, 3994.)

(D) THE RAILROADS HAVE NO OBJECTION TO DEPARTMENT WEIGHING AT OWN EXPENSE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). If, in fact, it would cost the department more, it would then take away the reason for suggesting it and insisting upon it?

Answer. If it cost the department more?

Question. Yes.

Answer. Oh, no. We are simply offering the services of the railroad employees to do this weighing, under your direction.

Question. Yes; that is what I say.

Answer. Of course, if the department preferred to do it itself at its own expense, we would have no objection to the past method of weighing; but this was offered as a scheme for reducing the cost of weighing, especially to the Post Office Department. We thought that that would be a plan that perhaps you would like. (R. 1664, 1665.)

RAILROAD EMPLOYEES SHOULD NOT BE PERMITTED TO WEIGH THE MAILS.

(A) CONGRESS HAD GOOD REASONS FOR ENACTING LAW THAT WEIGHTS SHOULD BE TAKEN BY SWORN EMPLOYEES OF THE DEPARTMENT.

Mr. McBRIDE testified on direct examination as follows:

In this connection the advisability or propriety of returning to a method of securing weights by the railroads, which was abandoned many years ago, may seriously be questioned. Apparently the Congress, at the time it enacted legislation providing for a change in the old methods, and that weights thereafter should be taken by sworn employees of the Government, had good reasons for its action.

Mr. STEWART. May I ask attention to the provisions of the act of March 3, 1875? The proviso is very short, and I would like to have the witness read it into the record.

The WITNESS. Section 6:

The Postmaster General is hereby directed to have the mails weighed as often as now provided by law by employees of the Post Office Department and have the weights stated and verified to him by said employees under such instructions as he may consider just to the Post Office Department and the railroad companies.

This is the act of March 3, 1875, 18 Stat., 341. (R. 3743.)

(B) THE WEIGHING OF THE MAILS BY THE RAILROADS WAS ABOLISHED BY LAW.

Mr. STONE testified on re-direct examination as follows:

Question (by Mr. STEWART). I will ask you whether you recall that prior to 1876 the railroads weighed the mails on the railway mail routes?

Answer. I believe that is so, but, of course, I was not in the service in 1876. * * *

Question. You know it to be a fact, though, that for many years the Government, through the Postmaster General, has weighed the mail?

Answer. Yes, sir.

Question. And you have heard, at least, that prior to that time the railroads weighed the mails?

Answer. Yes.

Question. You may recall that the statute of 1876 changed the practice, and it was taken away from the railroad companies and reposed in the Postmaster General?

Answer. It was.

Question. Even if the railroads weighed the mails, that would not finish the matter; the computation of the average daily weight would have to be made and be ascertained?

Answer. Yes.

Question. Which would require a large force of specially qualified men and clerks to do; is not that true?

Answer. Yes, sir; that is true. (R. 395, 396.)

(C) DEPARTMENT STILL HOLDS VIEW THAT IF WEIGHT BE DETERMINED THE PROPER MEASURE OF SERVICE IT WOULD BE INADVISABLE TO DEPART FROM PRACTICE OF LAST 30 YEARS.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). Well, may I ask you if anything has occurred to change the views of the department since that time with reference to the advisability of intrusting the weighing to other than the employees of the department?

Answer. I do not think so. The department, I think, still holds to the view that should the commission determine that weight is the proper measure of the service, any departure from the practice of the last 30 years as regards the weighings would be inadvisable. (R. 3750, 3751.)

(D) OBJECTION TO RAILROADS WEIGHING THE MAILS AND OBJECTIONS ON GROUND OF COMPLICATED ACCOUNTING AND MULTIPLICATION OF REPORTS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Is your objection—that is what I am trying to get clear—is your objection to the weighing at the station an objection as to the probable accuracy of the weights obtained, or is it an objection to the accounting features and the multiplication of the reports that you think would follow?

Answer. The latter part of your question is one of the reasons why we object, why we think it would not be advisable, and the other point is because we would have so many different weights on a particular train that we never would get a balance. If a train exchanged mail at 50 stations, we would have the weights taken at 50 different places by 50 different people instead of by one person, as at present, and we would have those weights coming in on 50 different reports instead of one report. (R. 3983, 3984.)

(E) OBJECTIONS TO WEIGHING BY RAILROAD EMPLOYEES.

Mr. KNOX testified on re-cross examination as follows:

Question (by Mr. WOOD). If the weight basis should be established, what sort of a scheme do you think should be inaugurated in order to provide (R. "avoid," *sic*) proper protection to the Post Office Department in the ascertainment of the weights?

Answer. At the weighing period, I presume you mean?

Question. Yes, and as to the general scheme of weighing.

Answer. We would have to go back to the same old proposition that we did under the old system; do all the weighing ourselves.

Question. Why could it not be done at the railroad stations by men under oath just the same as shippers have their freight weighed by sworn weighmasters of the railroads?

Answer. There are 70,000 railroad stations in the country. There would be a weight report for every train from those 70,000 stations to come down here to Washington; and each and every one of those would have to be placed in a pigeonhole and then separated to the several trains. It would be a labor that would be almost absolutely overburdening; could not be done.

Question. How many railroad trains are there?

Answer. I have not counted them. There are a great many of them.

Question. It took you 30 minutes to check the emergency authorizations on one train in one month here a few minutes ago from your experience. Do you think that is about as burdensome a job as it would be to tabulate the weights?

Answer. To tabulate the weights from the various stations upon that same line, if weighed by station weighers, would take half a day or longer on that one train alone by those stations on and off between Ashland and Portland.

Question. The figures are in here as to the cost of the April, 1917, weighings. You didn't seem to have any such great difficulty.

Answer. Not the way we weighed it. We would have to go back, as I say, to the old weights.

Question. You think the weights ought to be made on the trains and not on the ground?

Answer. That is the only practical way of doing it.

Question. If that would be done, you think the Post Office Department would then have sufficient protection?

Answer. We would get along just as well as we did before. (R. 3200, 3201.)

RAILROADS' PLAN CUMBERSOME—WOULD MANY TIMES MULTIPLY THE WORK OF TABULATIONS AND DELAY READJUSTMENTS.

(A) RAILROAD PLAN OF WEIGHING CUMBERSOME AND WOULD INVOLVE A COMPLICATED AND LENGTHY SYSTEM OF TABULATION.

Mr. McBRIDE testified on direct examination as follows:

The WITNESS. I believe the plan of the railroads as to the weighing is a cumbersome one. I believe it would involve the handling of thousands of items of weights in the tabulation and would be such a gigantic calculation that it would be months before we would reach the results of the average daily weights.

* * * * *

Question (by Mr. STEWART). Mr. McBride, I will ask you whether it is not true that the method of obtaining the pound-miles under the railroads' plan would necessarily be the same as the methods that you are about to describe as having been used under the old system?

Answer. It would be identical after the consolidations of the total weights obtained. Up to that point the procedure would have to be different.

Question. Yes; I understand that.

Answer. Under a different method of obtaining the weights. I will endeavor to point out the place where the paths come together. (R. 3724, 3725.)

(B) WORK OF TABULATION MULTIPLIED MANY TIMES UNDER RAILROAD PLAN OF TAKING THE WEIGHTS.

Mr. McBRIDE testified on direct examination as follows:

Under the railroads' suggested plan, it seems to me that this work would be multiplied many times. If, instead of receiving the weights on these trains on one card for a day, we were compelled to secure these weights from individual reports for the several stations, it would, I think, be an endless job.

Question (by Mr. STEWART). Well, that is the way they would have to be received under the railroads' plan, as I understand it.

Answer. As I take it, that will be the way we would have to do it. I think it would involve handling of a great many reports and the transfer of many items from these reports to some sort of a consolidating sheet or card for each train.

I might state that in the old days I think the mails were weighed in some divisions under such a plan, and it was abandoned, and the present system adopted of weighing by cards, as far as possible.

As a sample of what I believe the work would amount to under the railroads' plan, I have made an estimate of the number of reports to be handled and the number of entries to be transferred to sheets or cards in connection with the weights on this very train, 21, of the Washington and Harrisonburg railway post office, for a weighing of 35 days. There are 39 points on this route where mails are received and dispatched. Multiplying this by 35 would result in 1,365 reports to be handled in order to get the weights for this train for the period. Of course, at most stations mails are both put on and taken off, and if we followed the practice of the department in having the "on" weights reported on a separate report from the "off" weights, there would be two reports from each station, which would be double the number of reports to be handled. It seems to me that, contrasted with the method of securing these weights by train weighers, this would be a recurrence to a cumbersome, long drawn-out method, that was abandoned by the department many years ago.

Question (by Mr. WOOD). Mr McBride, why could not the station weigher on this one card show all the trains?

Answer. I don't see how he could. How could he get the weights at the remaining stations?

Mr. WOOD. Well, he would not, but each man at each station would get his own; he would not have to have a separate card for every train.

The WITNESS. I don't wish to be understood as saying that. I figure that he would report the weights of his station on one sheet, but, nevertheless, in order for us to get the weight of the particular trains, we would have to take those individual train weights and transfer them to some consolidating sheet.

Question. You would have to make them on the same kind of a sheet that you make them on now.

Answer. And we would have to handle as many reports as there are stations in order to get those weights.

Question (by Mr. STEWART). Instead of the one report?

Answer. Instead of the one report rendered by the train weigher.

Question (by Mr. WOOD). If it does not disturb you—

Answer. Not at all.

Question. I am trying to understand it as you go along.

Answer. Yes, sir.

Question. You got a report under the old system of each train weigher on each train, did you not?

Answer. Yes, sir.

Question. Each day?

Answer. Yes, sir; but that report covered—

Question. So you got 35 reports for the period of—

Answer. Yes, sir; pardon me.

Question. That would be 35 reports for the period for each train?

Answer. That is true.

Question. Now, this way, your reports would come not from the train weigher, but from the station weigher?

Answer. Eventually we would reach the same result and have this card, after we went through a long process of culling out from these many station reports—these individual reports.

Question. Is there any reason why the station weigher, if you desired him to do so, could not render you a consolidated statement?

Answer. He could no doubt render us a consolidated statement for all the weights for that train for 35 days, but whether we would consider it satisfactory or not would be another question. The question of balance would come in there, which I will treat later. We have to consider the mails put off, as well as the mails taken on.

Question. I understand. (R. 3735-3738.)

(C) LENGTH OF TIME NECESSARY TO COMPLETE ADJUSTMENTS UNDER RAILROAD PLAN OF WEIGHING.

Mr. McBRIDE testified on direct examination as follows:

Answer. An idea of the length of time that would be required to complete the tabulation and adjustments under the annual proposition, the weighing to be held in September, as proposed, may be gathered from our experience in connection with the special statistical weighing in the spring of 1917.

Question (by Mr. STEWART). That is the weighing that occurred in connection with this hearing?

Answer. Yes, sir; and that was conducted under our short-cut methods, remember. That weighing covered the entire country; all railroad mail routes were weighed for 35 days, and in a way, is comparable with the railroads' proposed plan covering the same length of time.

The tabulations and consolidations connected with that weighing, notwithstanding the fact that they had a very large force of clerks employed, consumed upward of nine months following the completion of the weighing. In fact, the work covering both space and weight routes was not finished for more than a year, but I believe the work in connection with the weight routes only was completed within nine months. This could probably be improved upon somewhat, but, nevertheless, I believe it would be fully six months at the very lowest estimate before all adjustments could be completed and new rates of pay fixed, which would make it in April of the following year before you would complete all adjustments dating back to the previous July. This, of course, would necessarily delay payments for service from the preceding July.

Question. Mr. McBride, what weighing period do you predicate that upon?

Answer. I predicate it upon the proposed period mentioned in the railroads' plan.

Question (by Attorney Examiner BROWN). September, and dating back to July?

Answer. The second Tuesday in September of each year. That would make it the middle of October before the weighing was completed.

Mr. STEWART. That is all right. I wanted to identify the month. I did not remember that it was in the record.

The WITNESS. Consequently, the accounts with the roads would be in an unsettled condition for some time, and it is assumed that the railroads would not be willing to wait until the new rates were fixed before receiving any pay for mail service. I do not mean by this that none of

the work would be finished in six months. Of course, we would be making this adjustment during all of this period, and some of the roads, of course, would be completed and the pay fixed long before that time arrived. I think the question is one worthy of consideration in considering the plan. (R. 3740-3742.)

DIVERSIONS OF MAILS RAISE UNSETTLED DIFFICULTIES.

(A) CASE INVOLVING RIGHT OF DEPARTMENT TO WEIGH DIVERTED MAIL DISPUTED BY RAILROADS.

Mr. STEWART stated during the re-direct examination of Mr. Gaines as follows:

* * * I assume the commission will take judicial notice, of course, of a case that is pending in the court, but I wish the record to show that the case is the M. K. & T. against the United States, Court of Claims case 32573, and I think I may be permitted to say that the basis of the claim was that the department had no authority, under the law, to reweigh the diverted mails unless they reweighed all the mails upon the route during the contract period. (R. 3373.)

(B) SERVICE CAN NOT BE STABILIZED IMMEDIATELY FOLLOWING DIVERSIONS OF MAIL AND WEIGHING HELD.

Mr. GAINES testified on re-direct examination as follows:

Question (by Mr. STEWART). Mr. Wood referred to the fact that, under a weighing system, if there are large diversions of mail during the contract period, those mails may be weighed under a provision of law if they reach a certain per cent, and a readjustment made. Are you acquainted with the facts or circumstances of the large diversions of mail at St. Louis from the St. Louis & San Francisco to the Missouri Pacific and the M. K. & T., that occurred, I think, in 1912 and 1913?

Answer. I remember the circumstances very well.

Question. You know that the weighing was ordered after that diversion?

Answer. That is the only one I remember, Mr. Stewart—that one occasion.

Question. Do you know how long it was after the diversion until the weighing was ordered—about how many months?

Answer. No. My recollection is that it was several months, but just what time elapsed I don't know. That is not clear in my mind. I don't remember.

Question. Do you know that it was not practicable to order that reweighing until the full effect of those diversions had become known and the service stabilized?

Answer. That is true. In a radical change of that kind, the service would not be stabilized immediately.

Question. Do you think that will be the ordinary condition following a large diversion of mail?

Answer. Under weighing?

Question. Under weighing.

Answer. Certainly. (R. 3371-3373.)

UNUSUAL CONDITIONS CAN NOT BE MET UNDER WEIGHT BASIS SYSTEM.

(A) UNUSUAL CONDITIONS OCCURRING DURING WEIGHING PERIOD REFLECTED IN PAY FOR TERM.

Mr. McBRIDE testified on direct examination as follows:

Answer. That is another weak point in the weight basis, by the way, because in such unusual conditions, which occur during the weighing period, they would be reflected in the pay for the entire term for which the adjustment was made, based upon such weights. (R.3718.)

(B) CONGRESSIONAL ACTION NECESSARY IN THE PAST TO COMPENSATE RAILROADS FOR UNUSUAL CONDITIONS.

Mr. McBRIDE testified on direct examination as follows:

There have been a number of conspicuous cases in the past where it was found to be necessary to secure congressional sanction in order to compensate the railroads for the unusual conditions which occurred during the weighing periods.

For instance, during the weighing in the fourth contract section, which comprises the States west of the Missouri River * * * in 1906, occurred the great San Francisco earthquake, which, as I understand, occurred early in April of that year. Due to that earthquake the mail service was seriously disarranged throughout the entire section; of course, more so in California and those coast States, and consequently the quantity of mails carried on those routes was very much less than they would ordinarily have carried. The department recognized this situation and—

Question (by Mr. STEWART). Right there, Mr. McBride, was there a regular quadrennial weighing then in progress?

Answer. There was. It had begun on some date in February and, in regular course, would have continued for 15 weeks.

To meet this situation, the department recommended to Congress authority to make the adjustments in this section on the basis of the 49 days of the weighing during which there was no interruption. In other words, the weighing had been under way for 49 days before the earthquake. This authority was granted by Congress.

Question. And that adjustment could not have been made without an act of Congress authorizing it?

Answer. No, sir. * * *

In 1912 another situation of this kind arose. In that year the disastrous floods in the Mississippi Valley began about April 1 and continued during the remainder of the weighing period.

Question. Was the weighing then in progress?

Answer. The weighing had been in progress since about the middle of February. That is, in what is known as the second contract section, embracing the Southern States as far west as the Mississippi River. These floods naturally diverted weights from the usual channels and also served to greatly decrease the volume of the mails. In this case, also, the department was compelled to recommend—it was not compelled to—but did recommend to Congress action to enable justice to be done to the carriers as regards compensation for the ensuing four years.

Again, in 1913 it was necessary to secure congressional authority to enable the department to satisfactorily adjust the pay on certain routes because of interruptions in the service and decreases and diversions of mail resulting from the floods in the Ohio Valley in the spring of that year. In the spring of 1913, at this time, a weighing was being conducted in the first contract section, which includes the New England States, New York, Pennsylvania, Maryland, Delaware, Virginia and West Virginia. These floods, of course, rendered it necessary to make diversions of mail by the southern routes, and in consequence the mails carried on a great many routes running into the flooded section, as well as on routes to which the mails were diverted, and therefore the weights carried were not normal; they were abnormal on some of those routes. Under the space basis, of course, these lines would have been taken care of automatically.

Question. That is, from day to day?

Answer. Yes, sir. The department reported these facts to Congress, and secured authority to make adjustments in the same manner as was made in 1912. (R. 3720-3723.)

(C) UNUSUAL CONDITIONS BETTER TAKEN CARE OF BY SPACE BASIS SYSTEM THAN BY WEIGHT BASIS SYSTEM.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, Mr. McBride, with relation to some of the other questions involved in this case, in your discussion of the weighing, you recited certain instances in which the annual weighing would not take into account certain unusual mail movements. My recollection is that all of those cases were the direct outgrowth either of the war or floods or earthquakes?

Answer. The specific cases I cited were of that character.

Question. Yes.

Answer. But other unusual conditions are constantly arising in the service.

Question. Now, so far as the floods are concerned, the adoption of September as the weighing period would practically obviate that matter?

Answer. I think the floods probably are not as plentiful in September as they are in April.

Question. No; and as I take it, the purpose of that was to show that the carriers would be better off under a space basis than under a weight basis?

Answer. Well, we felt that those conditions that I recited there would be better taken care of by a space basis than the weight basis, so far as the carriers are concerned. (R. 3962, 3963.)

THE WEIGHT BASIS SYSTEM GIVES NO RECOGNITION TO FREQUENCY OF SERVICE, WHICH IS EXACTLY COMPENSATED FOR UNDER THE SPACE BASIS SYSTEM.

WEIGHT BASIS GIVES NO RECOGNITION TO FREQUENCY OF SERVICE.

Mr. McBRIDE testified on direct examination as follows:

I believe that the scale proposed in the railroad plan does not recognize as accurately the variable weights as does the old rate scale embraced in the old law, and, of course, has all the defects of that basis in giving no recognition whatever to the frequency of service. No weight basis gives any consideration to the frequency of service. In other words, a railroad which carries 5,000 pounds per day on two trains, one each way, receives exactly the same pay on the weight basis as a road carrying 5,000 pounds in ten trains per day. To my mind this is one of the weak points in any weight basis, because frequency of service is

unquestionably a large factor in the cost of performing the service by the railroad company as well as in securing good service for the people. It certainly costs the company more to haul a 15-foot apartment four round trips daily, carrying a total of 5,000 pounds in all of those trains, than it does to haul the same car one round trip, even though it carries actually the same amount of weight. The amount of mail carried in the car does not materially increase the cost, but the multiplied operation does increase the cost. The space basis recognizes both the factors of frequency and cost of operation in a way that is impossible under a weight basis. (R. 3713.)

WEIGHT-BASIS SYSTEM DOES NOT TAKE INTO CONSIDERATION THE FREQUENCY OF SERVICE.

Mr. KNOX testified on re-direct examination as follows:

Question (by Mr. STEWART). You have referred to the measure of service as indicated by the weight of the mails ascertained by a weighing. I will ask you whether it is not true that the mere weight of the mails can not possibly take into consideration one of the most important elements in the operation of trains, namely, the frequency of service.

Answer. That is true. A line carrying a good deal of weight of mails with 20 to 30 trains a day will receive exactly the same compensation as a line carrying the same weight of mail with one or two trains a day over the road.

Question. And the amount of service rendered in the one case is not the same as the amount rendered in the other case?

Answer. There is a vast difference in the amount of service rendered by the two companies.

Question. And is it not true that the difference in the service rendered by different carriers throughout the country, and sometimes as represented by full groups of carriers throughout the country, varies greatly?

Answer. That service does vary greatly.

Question. Have you in mind any cases which might typify that condition of variance? Are you familiar with the eastern part of the country?

Answer. In a general way. I know that in the eastern part of the country out of these large eastern cities there are trains departing from the initial terminal every few minutes, you might say, or a great many during the day, and that on western lines frequently the bulk of mail carried is on one train. For instance, the Great Northern carries on one train a day probably half its entire mail volume, once every 24 hours in one train.

Question. To mention a specific instance, is that true in regard to the Long Island road? You may not be familiar with it?

Answer. I only know the Long Island road from the knowledge that it is a strictly suburban line with a great number of passenger trains operating a short distance, close together. I have never been out on the line at all.

Question. Is it claimed to be true with reference to the New Haven?

Answer. Yes; that is claimed to be true that the passenger-train service is very complex and a great number of trains are handled each day over the line.

Question. So that as a matter of fact it is impossible for the weight of the mails to fairly measure the service and the value of the service performed in passenger trains?

Answer. I think so. (R. 3226, 3227.)

SPACE BASIS PAYS FOR EVERY MILE OF SERVICE RENDERED, THUS RECOGNIZING FREQUENCY.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Now, Mr. McBride, irrespective of the basis—you and I do not know what basis the commission is going to adopt—but you think that in connection with the closed-pouch service, the rate for which or the pay for which, should take into account the frequency of service?

Answer. Unquestionably.

Question. Yes.

Answer. Frequency of service is an element.

Question. And that ought to be done in this 3-cent rate?

Answer. That is the mainspring of our space-basis plan—the payment for service rendered and for every mile of service rendered. (R. 3975.)

FREQUENCY OF SERVICE A FACTOR THAT SHOULD BE CONSIDERED IN FIXING A RATE.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). Coming down to another class of cases, Mr. McBride, you criticized the railroad plan, because it did not compensate for frequency of service, you said?

Answer. The weight basis part of it.

Question. Yes; did not compensate for frequency of service, and you think, do you, that frequency of service

is a thing that should receive some additional compensation?

Answer. I should say that frequency of service is one of the factors that should be considered in fixing your rate. (R. 3973, 3974.)

THE RAILROADS' PLAN INVOLVES DOUBLE PAYMENT FOR PART OF THE MAILS, THE TRANSFER OF THE HANDLING OF SOME MAILS FROM THE RAILROAD EMPLOYEES TO THE POSTAL CLERKS, AND OTHER OPERATING DIFFICULTIES.

RAILROADS' PLAN OF PAYMENT WILL RESULT IN DOUBLE PAYMENT FOR CARRIAGE OF MAILS CARRIED IN THE DISTRIBUTION END OF MAIL CARS.

Mr. McBRIDE testified on direct examination as follows:

In considering the effect of this demand for distributing facilities, it seems to me that there will be a double payment with respect to the weight of mails carried in the distributing part of the car, which does amount to considerable in some cases, for this reason, this mail that has been received and distributed in those sacks that hang in the rack, and all of that matter that has been received and distributed before the train leaves, of course, leaves more space for mail to be carried in the storage end.

Question (by Mr. WOOD). This pay does not cover the number of feet in the storage end.

Answer. I understand that, but it does cover the pay for the weight carried in the sacks that are hung in the rack.

Question. How much does that amount to in a 15-foot apartment car?

Answer. Well, it amounts to considerable on some lines.

Question. What?

Answer. I would not undertake to say how much, but I just suggest that as a consideration.

Question. It is not intended as any pay for the weight; it is intended as pay for these distributing fixtures which occupy that space in the car.

Answer. But it is based upon the average passenger car revenue for the full car.

Question. Yes.

Answer. And it is prorated on that.

Question. Well, there is not anything for the postal clerk, who, so far as occupying space in that car is concerned, at 3 cents a mile, is worth more than the weight pay on that would be.

Answer. Well, they balance each other then.

Mr. STEWART. The witness is simply pointing out the fact that while the maximum rate is fixed for the distributing unit, the maximum rate is also fixed and exacted for the weight of the mail carried therein.

The WITNESS. That is true. The weight rates are based pro rata upon the average 60-foot car-mile revenue in the passenger service as computed by the railroads and shown on their Exhibit No. 3, or 29.29 cents, increased by certain per cents to cover the excess and unauthorized operations considered necessary by the railroads. In the full cars this figure is 4.2 per cent, and in the apartment cars 40 per cent, according to the statements of Mr. Worthington. These per cents are, of course, based upon the railroads' treatment of the unused and unauthorized and excess and unoccupied space, with which treatment the department, of course, dissents, and feels it is grossly unfair to the mails, all of which has an effect upon the rates which they propose for these distributing facilities. (R. 3776-3778.)

RAILROAD PLAN WOULD RESULT IN MAILS NOW BEING HANDLED IN BAGGAGE CARS BEING TRANSFERRED TO THE MAIL CARS.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. STEWART). Now, Mr. McBride, before leaving the question of distribution facilities or, rather, the use of them as provided for under the railroads' plan, and bearing in mind the size of the units and the fact that over-size units may be supplied by the railroads to take care of authorizations of lesser space, and assuming that this excess space in these units named would be used for the storage of mails, what have you to say with reference to the transfer, if any, that would effect from the railroad employees to the postal employees with respect to the delivery of those mails in cars?

Answer. I am inclined to think that the practical result would be that there would be a tendency on the part of the railroad employees to have all the mail possible handled in the postal car, and if the company had cars of larger size than those called for by the authorization and ran them in fulfillment of that authorization, it would result in more mail being carried in the postal cars than would otherwise be carried there, and therefore there would be that additional burden on the railway postal clerks. This matter has been one that has been a source of considerable disagreement and controversy between the postal clerks and railway trainmen from time immemorial. The railroad trainmen have contended that the clerks ought to carry

more mail in the postal car, and the railway postal clerks have argued the other way.

Question (by Attorney Examiner BROWN). Well, looking at it in a matter in the abstract, without reference to any concrete cases, the distribution of the mails and its handling is practically in the hands of the Post Office Department, is it not?

Answer. Yes, sir; but the transportation of it is the duty of the railroad, and the mails that would be carried in the baggage car are usually mails that have been already distributed, and mails requiring no further distribution on the train—simply made-up matter. It would only happen in cases where the companies chose to run a 30-foot car for a 15-foot distributing facility. You see there would be 15 additional feet in that car more than needed by the department.

Question. Well, we have had some little evidence where postal clerks, for their own purposes, conveyed the mail into the storage car. You remember that, don't you, or were you not here?

Answer. I don't think that that is done now under the space basis. Where they can carry it in the postal car it is carried there. Under the old weight basis the tendency was that way, I think, on the part of the postal clerks.

Question. Well, if you had 15 feet of vacant space in a railway post-office car, or apartment car, distributing car, what is the objection to having that space occupied by the mail?

Answer. The objection would be that we would be handling mail that if they furnished a car of the authorized size would be handled in the baggage car by the railroad people, and under their plan, for which they were being paid on the weight basis, no distribution of it whatever.

Mr. STEWART. This mail would be carried in the other part of the car if the units asked for were supplied, and being carried in, say, the other end of the car, the delivery of that mail would devolve on the railroad employees as it now does; but having furnished the oversize unit, and it being in the interest of the railroads to fill that unit with mail as far as they could and relieve the rest of the car, the storage mail would undoubtedly be carried in the oversize distribution unit, and that would throw upon the post-office employees the duty of delivering that mail from the car, and the railroads would be paid for that service on the basis of weight, which would include that service.

The WITNESS. In some cases.

Mr. WOOD. That is the testimony here.

The WITNESS. Yes, sir; that is true. (R. 3797-3800.)

PAYMENT ON SPACE BASIS FOR FULL SPACE AND MAILS IN DISTRIBUTING CAR AND ON WEIGHT BASIS FOR MAILS IN BAGGAGE CAR WOULD ENTAIL DIFFICULTIES IN THE WAY OF CONTINUING CONDITIONS THAT EXISTED DURING WEIGHING PERIOD.

Mr. McBRIDE testified on direct examination as follows:

Question (by Dr. LORENZ). Bearing on your testimony regarding the friction as to the question of how much mail should be carried in the railway post-office car, as against the baggage car, I would like to ask you this question: Suppose that you had a system of payment by which your railway post-office car or apartment car were paid for in full on the space basis, regardless of what was in the car, and that you were paid for the weight basis on the basis of what was carried in the baggage car as shown by the weighing period, would not that automatically end that question? Then, it would be to the interest of the department, would it not, to put as much as possible into the standard car, whatever might be its length?

Answer. Unquestionably, on the facts as you state them, it would be to the advantage of the department, but it seems to me, though, that your combined weight and space basis, as you outline it there, would result in even more serious difficulties, because if you confine certain mails to the baggage cars and certain mails to the postal cars during the weighing period there would be constant friction after the weighing period as to the mails which are carried in those respective units. The railroads would assert that we were putting more mail in the baggage car than we should, and vice versa. It seems to me it would be very difficult to continue the same conditions existing during your weighing period subsequent thereto. (R. 3802, 3803.)

ANNUAL WEIGHINGS.

ANNUAL WEIGHING NOT OPPOSED BY DEPARTMENT.

Mr. McBRIDE testified on direct examination as follows:

As to the proposition of weighing annually, I do not think the department has ever taken the position that they oppose an annual weighing, if Congress chose to legislate to that end. The matter had been before Congress a great many times, and they never had so framed their appropriation as to provide for an annual weighing, and, therefore, no annual weighing was ever had by the department. (R. 3743.)

F WEIGHT BASIS ADOPTED, WEIGHINGS SHOULD BE FOR 35 DAYS AND CONDUCTED UNDER OLD PLAN.

Mr. McBRIDE testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Suppose the commission should decide—and, of course, I assume that they will decide—that there should be an annual weighing. What plan would you suggest for that? Would the railroad proposition of 105 days, as under the old system—

Answer. I would favor, under the conditions as stated by you, a 35-day weighing.

Question. Thirty-five?

Answer. Yes.

Question. And under the old system that was to be weighed on the train by employees of the Post Office Department?

Answer. I would advocate the old system of weighing. (R. 3755.)

AVERAGE PERIOD FOR ANNUAL WEIGHING.

Mr. McBRIDE testified on direct examination as follows:

Question (by Mr. ASHBAUGH). What time of the year, Mr. McBride?

Answer. I was going to touch on that. I am not fully satisfied as to what time of the year we would want to hold that weighing, although possibly the time suggested by the railroads is as fair as any, on the average.

Question (by Attorney Examiner BROWN). That is, September would be a normal month, would it?

Answer. I made some investigations along that line, based entirely, of course, on the revenue. Probably that is the only thing I could base it on, and I found that the months of April and September are the nearest to the average, as a rule, for a number of years past, in the revenues to the Post Office Department. (R. 3755.)

RATES SHOULD BE BASED ON GENERAL AVERAGE.

THE PROPOSED RATES ARE AVERAGES.

After considerable discussion of the railroad's proposed rates and the absence of any provision for separate terminal charges (R. 1669-1675), Mr. WORTHINGTON testified as follows:

Attorney Examiner BROWN. That is to say, after all is said and done, you are attempting by your figures to reach as near an average as you can?

The WITNESS. Yes, sir; that is the object of it. (R. 1675.)

RATE PROPOSITION MUST BE TREATED ON A GENERAL AVERAGE BASIS.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). With respect to some features of the carriers' claim which you have been discussing in connection with the 3-cent rate, I will ask you whether you do not think that the service in baggage cars, closed-pouch service, ought to pay a higher rate under any basis of pay than is paid for storage service or for apartment-car service?

Answer. It seems to me we have to treat this proposition upon general averages, and general averages ascertained upon cost of the service, it seems to me, have got to be the basis for fixing the rate.

Question. Now, Mr. McBride, we are making a rate here to apply to the several different classes of service. Whatever may be the final general average result, the rate for each particular class of service should be as nearly fitted to that service as it can be, should it not?

Answer. I think the whole service should be taken into consideration.

Question. Well, it is quite possible that you and I are not talking about the same thing. Different carriers perform different kinds of service, do they not?

Answer. Yes; you may say there are differences between the different services.

Question. Some carriers have heavy storage service, and some carriers have a great deal of railway post-office service, the same carriers have, as a rule, to others, a disproportionate amount of closed-pouch service. That is true, is it not?

Answer. I think so; yes.

Question. Now, if there is going to be a fair distribution of the money, is it not essential not only that a general average rate be a fair rate, but that the rates for these three several classes of service shall each be as nearly adjusted and fitted to the characteristics and requirements of that service as it is possible to do it?

Answer. I do not think you can go into the refinements of each class of service like that in such a large and general service that covers the entire country. If you fix a different rate for closed-pouch service in one section of the country, it might not be adequate on some other route. It seems to me if you are going into that, you are going in pretty deep. You would have to fix the service on each train on each route.

Question. Your Exhibit No. 81, containing Post Office Department rates, does not contemplate any difference in rates at all per car-mile for the different classes of service, does it?

Answer. No, sir.

Question. It makes the rate the same for the closed-pouch and storage in the railway post office?

Answer. They are prorated—the rates.

Question. Yes. Now, under our plan, we would undertake to fix the rates as applicable to the several classes of the service itself; is not that right?

Answer. I take it that that was the object of the plan.

Question. If that can be done, don't you think that is a fairer method than it is to take a general average rate and apply it not only to the storage car, but also the railway post-office car, and to the closed-pouch service? Don't you think it is fairer, if it can be done, to try to devise a scheme of rates which, instead of resulting in the application of a general average from all classes of service, will present a scale for each class that is adjusted and fitted, as nearly as possible, to the conditions of that service?

Answer. As I said before, I think the rates ought to be based upon a general average. It seems to me that this rate of 3 cents a mile, which results, as I have shown, in an exorbitant pay on some trains, would be exceedingly inadvisable for that reason. (R. 3964-3967.)

CONSIDERATION OF BASES FOR RATES.

RATE SHOULD BE BASED UPON USE OF THE PROPERTY EMPLOYED.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). In connection with your Exhibit 4, I think it was—I am not referring to that for analysis now—you gave it as your opinion that a rate should be fixed on the use of the property employed in the handling of the mails. That I take it to be an expression of what you conceive to be a sound principle? Is that your position?

Answer. Yes, sir.

Question. What use did the Post Office Department get of this extra operation of cars and these oversize cars?

Answer. Well, I guess it is their claim that they got none. We claim that the mode of administration enforced the operation of them, whether they were actually used

by the Post Office Department or not, in just the same manner as we are forced to carry back an empty coal car in order to be able to load it for the next trip—not in exactly that same analogy, but, in a sense, broadly speaking.

Question. Your theory of use, however, depends entirely upon your theory of the extent of use to which the Post Office Department participated in these excess and surplus movements, depends entirely upon these questions of fact which we have been discussing, as to whether or not it was practicable for the railroad companies to operate these cars in a different manner?

Answer. Well, I of course am free to admit that if the railroad company operated the equipment which they could easily avoid operating, they can not really enforce a claim or demand justly for compensation for it. (R. 1281, 1282.)

THE CONTROVERSY OVER UNUSED SPACE DOES NOT AFFECT THE QUESTION AS TO WHETHER PAYMENT SHALL BE MADE ON THE BASIS OF SPACE OR WEIGHT.

In reply to Dr. Lorenz's questions, Mr. WETTLING testified as follows:

Question. All of this controversy that exists with respect to the treatment of unused space is in no wise connected with the payment, whether the payment should be on the basis of space or weight, is it?

Answer. No, sir.

Question. If you were trying to determine a rate to be applied per hundred pounds or per ton-mile, you would still have to determine this question, would you not, if you were settling it on a cost basis?

Answer. Yes, that would have to be determined in the same manner ultimately anyway, because, just as we are in the freight situation, we are interested in the amount of space that we have to furnish. Therefore we have minimum weights on the cars so that a man can not take a car from us and make us run it from one end of the country to the other with a very small weight, and necessarily a small revenue. Therefore our minimum weight prescribes a minimum revenue which we shall receive for a certain service, which necessarily is rendered by the cost of rendering that service. Basically it may not be expressed in just those terms, but ultimately that is what it means, in its ultimate analysis. (R. 1354, 1355.)

RATES FIXED UPON THE EXCESSIVE OPERATION BEFORE CONFORMATION OF EQUIPMENT TO PRESCRIBED SIZES WOULD NOT BE A JUST AND REASONABLE RATE FOR SERVICE AFTER SUCH CONFORMATION WAS MADE.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). If the commission fixes a rate based upon your statistics it will be a rate for a 60-foot car on the basis of a 70-foot car operated?

Answer. For a small proportion of it, yes.

Question. Well, I am taking it as an example.

Answer. Well, that is only 5 per cent of the whole. You want to remember that.

Question. I think it might have its effect. However that may be, it is an example that illustrates the rule.

Answer. Very well. If it is merely an example, I am willing to answer the question.

Question. Now, I understood you to say that the commission having fixed, if it should fix, a rate based upon your figures of 70 feet, and the company afterwards makes its car conform to the requirements of law and the desire of the department for a 60-foot unit, that that rate based upon 70-foot operation will be a fair and reasonable rate for the operation of the 60-foot car unit. You did not mean to say that, did you?

Answer. Oh, I would not say that, in that particular concrete example, no. Certainly not. (R. 1245, 1246.)

As to full railway post-office cars:

Question. Now, the same may be said with reference to these cars concerning the charging of this extra space of whatever nature to the mails as it relates to the question of fixing the rate as we discuss it in connection with the storage car, may it not?

Answer. Oh, yes, generally. There might be some little distinction between the two. I think that there were some distinctions, but aside from the question of the acquiescence of the Post Office Department in the building of these cars and the furnishing of them and accepting them, I don't know whether it is even the inference that they would pay for them pro rata. Usually the theory is the same as it is with the full storage car. (R. 1253.)

THERE SHOULD BE MORE OR LESS AGREEMENT BETWEEN THE REVENUE TO THE RAILROADS FOR CARRYING EXPRESS AND MAIL IN A BAGGAGE CAR.

Mr. McBRIDE testified on cross-examination as follows:

Question (by Mr. WOOD). What is your idea, if any, as to the relation that there should be between the revenue to the railroad company for carrying express in a baggage car and for carrying storage mail in a baggage car?

Answer. Why, there is more or less sameness in the carriage of the two classes of service. I think there should be more or less agreement between the compensation. There are certain factors that enter into it, however, that might modify one or the other.

Question. You do not think——

Answer. I have not given that phase particular thought, and hardly feel competent to express a decided opinion.

Question. Well, as a matter of fact, the first impression you would have is that there should not be any great difference; is that it?

Answer. There should be more or less agreement, I think, in the rates. (R. 465, 466.)

CONSIST OF PASSENGER TRAINS MADE UP WITH REFERENCE TO SPACE NECESSARY TO CARRY, ETC.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Is it not true that the consist of a passenger train is made up largely with reference to the space necessary to transport the articles and persons offered in the normal course of business, without much change?

* * * * *

Answer. No; I would say the consist of passenger trains has not much relation to space. Passenger trains are run pretty regularly all over the country. The consist, of course, varies according to the seasons, and the space feature does not enter into the making up of the consist at all.

Question. Well, surely the space in the train necessary from day to day to transport the passengers and the articles offered, you say you know in advance, so far as the mails are concerned, is arranged so as to take care of that business.

Answer. What I meant to say is that we do not handle passenger traffic on the space system. That is what your question infers. Of course, we furnish the passenger cars for the passengers as they are required. We furnish the express cars to carry the express, and we furnish the mail

cars to carry the mail. If in the one class of service we have a surplus, we put on another car, and sometimes there is a lot of excess waste space in that car. (R. 1640, 1641.)

**DEAD SPACE SHOULD NOT BE GIVEN CONSIDERATION
IN FIXING RATES TO THE EXTENT OF 100 PER CENT.**

Mr. BRAUER testified on cross-examination as follows:

Answer (interrupting). That the dead space ought to be taken into consideration, certainly, but I think that the department ought to be allowed to say when they can reduce the space from a 60 foot to a 30. In all the short runs it is very seldom reduced. But assuming that the Union Pacific and the Southern Pacific would be inclined to run their cars through—we run the storage cars through now—what would prevent them from starting out with a 60-foot mail that was needed out of Omaha, say, to Grand Island, and it does so happen in the western country that we start out with a full carload, and by the time that we get out in western Kansas or western Nebraska the mail dribbles out, and we would want but little service going over the desert. It don't look right to me that the department ought to be compelled to pay for the whole business all the way across. Now, that is my stand. It is 20 per cent, as you say, of these 60s that are changed to 30s en route. I assume the commission will take that into consideration and it will take into consideration, as they do in the freight business, the amount of space necessarily hauled.

Question (by Mr. WOOD). You think they ought to, don't you?

Answer. Why, yes. The proper ratio ought to be charged up. There is not any question about that.

Question. They ought to take it into account in connection with these full railway post office movements that we have been discussing?

Answer. Yes, on a general average. Not as to individual cases. (R. 3554, 3555.)

UTILITY OF MAIL CAR AS A REVENUE EARNER AS COMPARED WITH FREIGHT CAR.

Mr. SPRAGUE, of the Pennsylvania Co., testified on cross-examination as follows:

Question (by Mr. STEWART). You spoke of the long hauls of these freight cars and the long time in transit to emphasize the specially high rates for the service rendered. Now, during the time in which a freight car would make these long hauls, say, to the Pacific coast, that equipment is employed exclusively and entirely in that haul, is it not?

Answer. Yes.

Question. And not available for any other purpose?

Answer. That is right.

Question. It does not earn any other revenue for the railroad company during the time of that long haul?

Answer. No.

Question. Now, how is it with reference to the mail car? We will take the same trip to the Pacific. How many trips can that mail car make to the Pacific and back during the time that your freight car is making a trip and back?

Answer. I can not answer, Mr. Stewart. I do not know.

Question. You gave the time on the freight car. How many days is that?

Answer. I said 11. That is, under normal conditions, but I think to-day it is nearer 14.

Question. Is that one way?

Answer. Yes, sir.

Question. And the time from Chicago to the Pacific coast by mail car is about 65 hours, so that the utility of the mail car as a revenue earner bears a relation to the freight car as the 65 hours do to 14 days. Is not that about correct?

Answer. Well, it would be very—on the one trip, you mean?

Question. I am speaking now of the mail-earning facility of these two types of equipment.

Answer. Yes, sir; I see now what you mean. I think that is substantially correct. (R. 863, 864.)

**IN CONSIDERING VALUE OF SERVICE BY STORAGE CARS
THE WHOLE SERVICE SHOULD BE TAKEN ON ITS
GENERAL AVERAGE CONDITION AND NOT AS TO
SPECIFIC CAR RUNS.**

Mr. McBRIDE testified on re-direct examination as follows:

Question (by Mr. STEWART). Now, referring to Exhibit No. 53 in regard to storage cars, inasmuch as counsel for the railroads has asked your opinion in regard to the service rendered the Government in these specific cases, the instances of which were designated, I will ask your opinion as to whether or not you think it is a fair proposition to regard the service rendered as a whole rather than to select a particular run of storage cars between St. Louis and Kansas City, and upon days when it happened that the storage load in one was 1 ton and the storage load in another was 9 tons.

Answer. I believe that in a case of this kind we must necessarily proceed on averages for the entire service. We can not base any conclusion upon specific or isolated instances. We have got to take the service as a whole.

Question. As a matter of fact, would a storage car containing 1 ton of mail be continued on one route any length of time?

Answer. It would not, and apparently the mails during that particular week were very light on that train. They must have been.

Question. Those facts being reported to the department, with a suitable recommendation, would result in the discontinuance of that storage-car movement, would it not?

Answer. Unquestionably. (R. 468, 469.)

And on re-crossexamination as follows:

Question (by Mr. WOOD). Mr. McBride, on this same statement, there are a great many storage car routes on which the average load is not in excess of 2 or 3 tons, are there not?

Answer. Well, that is made up of both outward and inward movements.

Question. Yes; I understand that.

Answer. And the outward movement may have been quite heavy, and the inward movement very light.

Question. Yes?

Answer. In which case they are both paid for, but it results in a general average in both directions of a comparatively small load. (R. 469.)

* * * * *

Mr. STEWART. Before we leave this subject, I want to say that in this celebrated instance of the Wabash, of a car carrying 1 ton, the car was withdrawn over a year ago. It ran only a few days after that condition arose, and they carried it on because of a misconnection. (R. 472.)

(See also Mr. Gaines's statement, R. p. 3231.)

**THE TRUE BASIS FOR COMPARING SERVICE RENDERED
IN STORAGE CARS IS THAT OF THE GROSS WEIGHT
AND NOT THE TARE WEIGHT OF LOAD.**

Mr. McBRIDE's testimony developed by Dr. Lorenz's questions:

Question (by Dr. LORENZ). Do you happen to know what is the tare weight of a storage car?

Answer. I think the railroads have an exhibit to submit which gives that.

Mr. WOOD. About 50 tons, on the average.

Question (by Dr. LORENZ). That is, 50 tons being the case on that route with an average of 1 ton, the gross weight would then be 51 tons, would it not?

Answer. Yes.

Question. And on the route on which the average was 18 tons, you would have 68 tons gross, so the greatest possible width by which all of those railroads would vary is 51 to 68, and not as 1 to 18?

Answer. Yes.

Question. That is the other side of the story. It is true, is it not, that in certain sections of the country, year in and year out, the average load would be very much greater, as shown by Exhibit No. 12, than in other sections of the country?

Answer. That is true. The average load in storage cars fluctuates very materially in different sections of the country, at different times of the year; but, as I stated before, out of centers where the parcels post originates in quantities, it would probably be less than it would be out of the cities where second-class mail matter in quantities originated. And other conditions would affect it, too. (R. 471, 472.)

GROSS TON-MILE BASIS PROVES THAT THE ADDITIONAL SERVICE RENDERED UNDER INCREASED NET LOAD IS INCONSEQUENTIAL.

Mr. WORTHINGTON testified on direct examination as follows:

I personally have studied the possibility of a gross ton-mile basis as applied to the railway mail, but that does not seem to fit the situation any more than a pure space basis. The reason for that is quite apparent. I might illustrate it by an example.

A gross ton-mile basis—by which I mean some basis which would increase the pay per car-mile as the gross weight of the car was increased, according to its load—would not give hardly any additional compensation for increased service. Assume, for example, the average load in a mail car according to the operated mileage to be $2\frac{1}{2}$ tons. Assume that might be doubled by increased traffic or through concentration. If doubled by increased traffic under the space basis, that additional business would be carried without any compensation to the carrier.

Under the gross ton-mile basis the gross weight of the car would be increased only 5 per cent, due to the extremely high ratio of dead or tare weight to load, and the railroad would carry 100 per cent increase in traffic in that case for only 5 per cent increase in revenue, such a basis being almost as unfair to the carriers as the space basis.

I might illustrate that further by what has actually occurred. The statistics presented here indicate that through contraction of space since the space basis has gone

into effect, whether that contraction has been due to any actual addition to the load in the car or whether it has been due to transferring mail from the distributing car to a storage car, there has been the contraction, and that contracted space divided into the ton mileage produces an average load which is now about 20 per cent higher than it was in November, 1916, when the space basis began. That means, in other words, that the railroads to-day, under the space basis, are carrying one-fifth of the ton mileage for nothing. Under the gross ton-mile basis that 20 per cent increase in average load would increase the gross weight of the car only 1 per cent, and under that basis we would receive only 1 per cent additional pay for carrying 20 per cent more ton mileage. * * * (R. 1483-1485.)

THE RAILROADS PREFER TO CARRY THE MAILS, NOT ALONE AS A MATTER OF PRESTIGE, BUT AS PAYING MORE THAN OUT OF POCKET EXPENSE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Referring to the differentials that have been discussed and the question put to you by the examiner as to what the effect might be by establishing such a practice, you stated that the special roads, such as he mentioned, perhaps, could not be granted a differential because of competition, and they would lose their business. I think that is in substance what you said, is it not?

Answer. Yes; there are certain roads. If you included in the study of railway operating costs every road in the United States you would find, perhaps, it is higher on one road than on another road competing with it, and I do not think anyone would maintain that on any basis of payment for any class of service, either of those roads could afford to be put on a different payment per unit, and that is true as to any class of service, and would be true as to the space basis. It is true to-day as to the space basis, because those two same roads to-day may be carrying traffic, one of them with twice the load in the car that the other one has, and carrying mail for one-half the per ton-mile rate, which is not equitable.

Question. Then, it must follow, Mr. Worthington, that this traffic is well worth keeping, and the railroads would prefer to hold onto it rather than to submit to competition to produce any of these differentials?

Answer. Well, I think that is true generally with the railroads, that they would prefer to carry the mail, not alone as a matter of prestige but as nearly every class of traffic pays more than out of pocket expense for movement. I do not think it could be maintained that the mail pay basis should be upon an out of pocket basis. (R. 1647-1649.)

THE POST OFFICE DEPARTMENT BELIEVES THE RAILROAD PAY SHOULD BE LESS THAN NOW RECEIVED.

During the direct examination of Mr. Wettling the following statement was made by Mr. Stewart:

Attorney Examiner BROWN. * * * I thought the Post Office Department had reached the conclusion that, considering the cost of the service and all other elements that ought to have been taken into account, \$53,000,000 represented their estimate of the cost of the service, together with the profit to the carrier for rendering that service; is that right?

The WITNESS. Yes; that is about right.

Mr. STEWART. It is not just right. We have submitted our exhibits showing the revenue received by the railroad company for the performance of service during the statistical period and during the year represented by the statistical period. The aggregate for that would approximate the amount that you mention. Now, as to whether or not that is the proper rate we have not expressed any opinion, excepting in our exhibits, where we have shown that we think they should have been paid very much less than that.

* * * * *

Mr. STEWART. The Post Office Department has submitted a number of exhibits which contain upon their faces various amounts computed upon various hypotheses, which it believes will be a fair compensation to the railroad for carrying the mails. (R. 1027, 1028.)

ABNORMAL SITUATION AS SHOWN BY THE RAILROADS' EXHIBITS.

Mr. WORTHINGTON testified on direct examination as follows:

The freight revenues have increased 35 per cent in 1918, compared with 1916.

The total revenues have increased 37 per cent.

The total operating expenses, as I have just stated, increased 70 per cent, being almost double the amount in 1918 that they were in 1916.

Now, I think that that is an astounding statement. You will observe that our operating expenses for 1918, of course, for the first time in railway history are above \$4,000,000,000. In 1916, only two years previous to that time, they were only \$2,357,000,000. The net operating revenues of the carriers declined, due to the very excessive increase in operating expenses, from \$1,239,000,000 in 1916 to \$906,000,000 in 1918, a reduction of 27 per cent in the aggregate net operating revenue. (R. 1393.)

PARCEL POST IS DIRECTLY COMPETITIVE WITH EXPRESS.

Mr. WORTHINGTON testified on direct examination as follows:

Question (by Mr. WOOD). Now, that parcel post, if it represents 60 per cent, or whatever per cent it represents of the total mail, is directly competitive with the express and the less than carload freight?

Answer. It is directly competitive with both express and freight. (R. 1407.)

RAILROAD COMPARISON OF CAR-MILE RATES FOR EXPRESS WITH MAIL—MR. WORTHINGTON'S FIGURES FOR MAIL BASED ON AUTHORIZED AND ALL UNAUTHORIZED AND UNUSED SPACE.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). In your comparisons between express and mail on the car-mile basis, the figures you have used were produced by adding to the mails all the unauthorized and excess space and operation reported in connection with the mails by the companies?

Answer. I used the operated space as shown by the exhibits of the carriers. (R. 1612.)

MR. WORTHINGTON'S FIGURES ON MERCHANDISE FREIGHT.

Mr. WORTHINGTON testified on cross-examination as follows:

Question (by Mr. STEWART). Mr. Worthington, referring again to the question of authorizing this space, we do not seem to agree upon what you intend to say would be the rule. You said, I believe, that the department would be expected to authorize the space which would be necessarily operated, but that leaves in controversy, does it not, all of this space that we have been talking about?

Answer. I do not think any space could be left in controversy, and I hope it will not be. Our plan proposed was to afford some protection against any injustice by the application of the rule of adjusting space at some point where it was physically impossible for the railroad to change a car. That is what was contemplated.

Question. You would think, then, that that would be the governing consideration, where it was physically impossible to change the consist of the train?

Answer. That was all, Mr. Stewart.

* * * * *

Question. As to the merchandise freight, do I understand you to say that you base your conclusion upon the exhibits of Messrs. Sprague, Mahoney, and Goodwyn?

Answer. Well, that is a different thing. We based our conclusion as to what rate would be a proper rate—

Question. That is what we are inquiring of.

Answer (continuing). Upon the exhibits presented as to the revenues from freight service, and also as to comparisons made with the express rates. (R. 1687, 1688.)

THE RAILROADS' STATISTICS OF COMPARISON BETWEEN REVENUE FROM MAILS AND EXPRESS (EXHIBIT NO. 15) DO NOT REPRESENT ACTUAL OR AVERAGE CONDITIONS OF SERVICE.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). * * * That brings us to Exhibit No. 15. Now, I presume, Mr. Wetting, that it might be said very fairly that these exhibits would be persuasive in so far as they represented actual conditions of the service?

Answer. Well, I hope they are, in so far as they represent what we have shown in them. I do not claim for them that they represent the mail service on the general average. Of course, I can not hope to do that. I was making comparison particularly with parcel post in this case.

Question. As a matter of fact, you do not know that they do represent average conditions in the mail service at all, do you?

Answer. No; yet what they show, when you compare them with the average weights as shown in your exhibit. Aside from that they would not determine the average service, as a whole.

Question. For instance, if it were true that the mails are not carried—that parcel post mails, for instance, with which comparisons are made, are not carried in such units

as have been selected for comparison in the weight or manner described here, your comparisons with express in the same unit would hardly hold good as a general proposition, as an average?

Answer. Oh, I think that that is stating it a little too strong. I think—unless I am mistaken as to this assumption—that parcel post generally will be carried in part in closed-pouch units and largely in storage units and in storage space.

Question. I think you are right about it when you qualify it by the use of the word "partly." Now, your examples are predicated also upon the theory that the units are loaded to the maximum and your comparisons are made with maximum quantities stacked up at Sears, Roebuck & Co.'s headquarters of this kind of merchandise which was used as your example?

Answer. Yes, sir; that figures the complete full space, filled up solid.

Question. So that if there was any comparison at all it would apply only where those conditions exist in the service?

Answer. Well, it would do this, Mr. Stewart: Assuming now that the question that your last question leads to, that instead of using one unit of space to carry 1,470 pounds, let us say, of parcel post in accordance with the last test, we used two units of space, we would not only double the pay, but we would also be furnishing double the space in which to do it, in which, if the traffic had been offered, we might have earned twice as much money. I think the comparison still holds good for that reason, regardless of the fact that largely the average weight carried in the mail may not have been as great. That is to our disadvantage.

Question. And it would be also true that in order to get a fair comparison no more express matter should be considered than would correspond to the amount of mail carried in such units.

Answer. No; I don't agree with you in that. I feel that we ought to be able to realize the fullest amount of pay that is possible to derive from a combination of the weight together with the limitations placed upon the weight by the space that it occupies. It is no advantage to us to pull a car that is very lightly loaded, even though we may get a good rate for it, if we can get that car with a heavier load and get still more, through a smaller rate, possibly.

Question. That is an economic proposition which we could all subscribe to, but I am talking about actual conditions in the service, and you are making a comparison

here between the revenue which you say you would receive for express with the revenue you would receive for a mail unit?

Answer. Well, that is the ultimate thing we are after, always—the money—you know.

Question. Yes, and therefore you must ascertain what you would normally and on the average receive from express in such a unit, and, as a matter of fact, you never carry express in that way in these units?

Answer. No; we do not. I will acknowledge that, of course, naturally. We, however, do this, Mr. Stewart. Every time we carry a pound or another pound or an additional pound for the express, we get a share of the gross revenue of that particular package of that particular weight. Now, of course, it helps out if they can load heavily. The more heavily they load the more money we get. That is the ultimate object of railroad operation.

Question. I agree that that would be ideal, but it does not exist in the service.

Answer. You show in your exhibit, for instance, that the average load per foot is practically double what the average load of mail is, don't you?

Question. Yes; it is.

Answer. That helps us some.

Question. Now, you have used in these exhibits a weight of 874 pounds and also a weight of 1,470 pounds of express to a 3-foot closed-pouch unit, and you have described how those have been obtained. For instance, by piling up these articles in a bin constructed of certain dimensions, at the headquarters of Sears, Roebuck & Co. Now, taking the lowest weight you use, 874 pounds, it seems to me that the main value of these statistics depends largely upon whether that represents anything real in the service. Is that not true?

Answer. Well, naturally, yes.

Question. Now, on page 8 of your exhibit, the 874 pounds is produced from 74 packages.

Answer. Yes, sir.

Question. And I assume that you—of course it is evident that you took that as the average weight?

Answer. And projected that to each one of the various points from each one of the various points of origin, as set out there. That is all an assumption as to movement from the different points to the different points, and as to the facts that such mail might move from those places.

Question. Now, that would be very good if you did not have some other figures on weight in these exhibits, but on page 9 instead of an average for 73 packages you had an

average for a million and a half packages, and on that exhibit it is shown that the average weight of the sack is 33.86 pounds and that the average number of sacks to a 3-foot unit was 17.9, making a weight of 590.7 pounds instead of 874.

Answer. That is true.

Question. But you took the larger weight based upon less experience.

Answer. Well, but don't you see we have to give up that full amount of space in the car to furnish it? We would infinitely prefer to have had the same amount of space carry greater weight if we were getting paid for the weight.

Question. That is to say, you took the most favorable showing that could be made for the railroads?

Answer. I did not. I took the showing just exactly as it developed by the test.

Question. But you had statistics showing a less weight?

Answer. For mail?

Question. Well, for mail.

Answer. For mail, yes, sir.

Question. Is not that what you ought to compare this with if it is going to be carried in a mail unit?

Answer. I was making comparison of what we were able to get and what revenue we were able to get from the same comparative space when loaded by mail and when loaded by express. When loaded by express within the same space the revenue to the railroad would have been as shown, but when loaded by mail it didn't make any difference whether you had 50 pounds or 2,000 pounds in that same space; we didn't get a penny more for it.

Question. Are you familiar with the Post Office Department Exhibit No. 55 in a general way, showing the maximum and minimum number of sacks carried in 3-foot units?

Answer. No, sir; I have not had time to investigate it. I know that there is such an exhibit, but I have not looked it over.

Question. Now, taking the mean of an average of the maximum number of sacks shown there as carried in a 3-foot unit and the average of the minimum number of sacks carried in the same kind of unit produces an average of 11.82 sacks to the 3-foot unit, closed pouch?

Answer. Is that an arithmetical or weighted average, Mr. Stewart?

Question. That is the actual count in those units. There is no weight attached to that. This is the count of sacks.

Answer. I mean is it the weighted average or the arithmetical average? Do you just merely foot them all up and divide by the total number?

Question. No; I think not. I did not make the computation, but the computation was handed to me.

Answer. Well, in any event, I don't know anything about it. I didn't investigate it. I have not investigated any specific instances or have not understood from any of the operating men with whom I have spoken that the average would run like that. If that were the case, I can see very little chance for all this emergency space or excess units.

Question. That happened to be the case, and it has been surprising to many. Now, multiplying this average of 11.82 sacks by the average weight shown on your exhibit, page 9, for the month of June, 1918, 33.86 pounds, which seems to be about an average for those months given there, neither the highest nor the lowest, produces 400.22 pounds instead of 870 pounds, which you used in your estimate.

* * * *

It is less than half what you used, and that represents actual experience in the service. Now, what have you to say as to that?

Answer. Well, I have to say to that, that if that was the kind of traffic that was handed us by the express companies we would be very unfortunate. Happily, they give us better weights and therefore better revenue.

Question. But you are not prepared to say that you could carry more than 400 pounds in the same space in a closed-pouch unit?

Answer. By express?

Question. By express.

Answer. Yes, I think we do, because your own exhibit develops the fact that the average weight for—I forget what unit was used—is double in the express what it is in the mail. I am not surprised to find that.

Question. Well, now, out of Chicago is it not true that Sears, Roebuck & Co.'s parcel-post matter does not travel in these units at all; it travels out in full cars?

Answer. Largely so.

Question. Express cars?

Answer. That does not help us very much, though.

Mr. WOOD. Am I correct, Mr. Stewart, in assuming that this Exhibit No. 55, to which you have referred in this examination of the witness, is not a statement of the number of sacks or outside packages in parcel post, but is a statement of the number of sacks and packages of mail matter of all kinds? Am I correct in that assumption?

Mr. STEWART. This statement I think fully describes itself and answers your question at the heading. It says

the number of sacks in car at any one time, maximum and minimum, also gives emergency authorization in some cases.

Mr. WOOD. But that is all kinds of mail. I understood your question to the witness to carry the idea or assumption that it was parcel post.

Mr. STEWART. No; this was all kinds of mail.

The WITNESS. Of course, our comparison, Mr. Stewart, did not pretend to make a comparison with the mail generally. It made comparison with the parcel post, and even as to parcel post, only that which moved out of Chicago. We realize that it would not be the same all over the country, from other points.

Question (by Mr. STEWART). That is, you took specific cases for these illustrations?

Answer. Well, you might call it a specific case, but as I described it, it was taking the average as it ran. I have not any doubt whatever that if 10 tests had been made instead of one the difference would have been but very little one way or the other, and it might have been either way. (R. 1339-1348.)

**EMPTY RETURN MOVEMENT IN FREIGHT CARS NOT
TAKEN INTO CONSIDERATION IN EXHIBITS OF
SPRAGUE COMPARING FREIGHT AND MAIL REVENUE.**

Mr. SPRAGUE testified on cross-examination as follows:

Question (by Mr. STEWART). * * * Now, all of the statistics that you have given here for freight are on the basis of the one-way movement. That is correct, is it not?

Answer. Yes, sir.

Question. And you have not taken into consideration at all the empty movement in the return direction?

Answer. No. I want to say in connection with that matter that I had no intention to evade that in the exhibit I presented, or to obscure it in any way, but the question confronted me as to what return mileage I should compare it with. Now, we, of course, have a total car mileage, loaded and empty, and you can get a relationship by comparing those two mileages. I did not consider that such a relationship would be proper. In fact, I considered it would be quite ridiculous, for the following reasons: First, included in that total of empty mileage, you have your coal cars, tank cars, stock cars, poultry cars, and many other cars, where the empty movement is 100 per cent, and they, to my mind, afford no basis for comparison with the mail traffic.

In the second place, it occurred to me that the carload traffic was not fairly comparable with the mail traffic. When a man empties an empty car he loads it and he unloads it.

In the third place, you have in your hands more or less the regulation of that empty car or loaded car movement in the mail traffic, and in the freight traffic we do not. We have to send a car wherever it is ordered, to the point where it is ordered, and that struck me as constituting a very good reason why it would not be proper to make that comparison.

The fourth reason is that the only traffic that I could compare the mail traffic with fairly was the merchandise traffic, and there is no way that I know of that we could get the empty haul of the merchandise cars.

What I stated was that, in a general way, so far as the large cities are concerned, we have, I think, a fairly balanced traffic. I would not expect to find much empty car mileage. It is true that we do not haul a car of merchandise from New York to Philadelphia, and then haul the empty car back to New York.

Question. How about this movement on Exhibit 38 to the Pacific coast? Let us take these cars. Your figures there are 100 per cent movement both ways. Do these cars come back filled from the Pacific coast?

Answer. I don't know.

Question. With merchandise of this character?

Answer. I don't know. I don't think they do.

Question. So that in that case especially these figures of 2.1 cents per ton-mile might fairly be reduced by that ratio, or whatever it might be?

Answer. So far as the return haul is concerned.

Question. Now, how about the mail cars coming back from the Pacific coast? They are paid for, are they not, always?

Answer. I understand so. I am not positive.

Question. So that the railroad companies receive a hundred per cent in both directions on the mail movement to the Pacific coast. (R. 864-867.)

NO CONCLUSION FORMED AS TO THE RELATION OF THE EXPRESS TO MERCHANDISE CAR SERVICE.

Mr. SPRAGUE testified on cross-examination as follows:

Question (by Mr. STEWART). What is your idea of the express service with reference to the railroad service, if you have any?

Answer. I have none.

Question. You have none?

Answer. No, sir.

Question. You have formed no conclusions at all as to the relation of the express service, so far as the subject matter handled is concerned, with this merchandise car service?

Answer. No, sir.

Question. Handled by freight?

Answer. No, sir.

Question. And you do not know that the subject matter in the two is about the same?

Answer. No, sir. I know the express rates are higher than the freight rates.

Question. I am not speaking of rates. I am speaking of the subject matter handled, the character of stuff.

Answer. Oh, you mean the movement of express by passenger train and in freight service? Is that the comparison?

Question. Yes.

Mr. WOOD. You are comparing the express and mail, are you not?

Mr. STEWART. No; I am comparing the express with this merchandise.

The WITNESS. Well, there is that difference in service, of course.

Question (by Mr. STEWART). I am not speaking of service. I am speaking of the character of the articles. In other words, is it not true that the express service is practically an auxiliary railroad service growing out of the transfer of this merchandise stuff from one method of handling to another method of handling?

Answer. That varies to some extent; yes.

Question. What would you think of a comparison between the revenues derived by the railroad companies for the carrying of express matter and the revenues derived by them from carrying the mails? Do you think it would be a fair comparison?

Answer. I don't know.

Question. And yet you think these commodities are practically alike; I mean the commodities of merchandise, freight, and express?

Answer. That would not necessarily follow. They may be alike, and still the comparison in revenues might be a different conclusion. (R. 874-876.)

NO CONCLUSION ON COMPARISON OF RATES FOR MERCHANDISE FREIGHT AND MAIL.

Mr. SPRAGUE testified on cross-examination as follows:

Question (by Mr. STEWART). Do I understand that you have reached those conclusions and do not wish to express any conclusion with reference to a comparison of these rates on merchandise freight and the rates received by the companies for carrying the mails; is that correct?

Answer. Do you mean between the merchandise and mail?

Question. Yes.

Answer. I have not drawn any comparison in detail between the merchandise and the mail.

Question. And you have no——

Answer. I have simply presented the statistics here with respect to merchandise traffic, supplemented to some extent, so far as the mail traffic is concerned, by the general questions asked me by counsel; but I do not intend by that to draw any specific deductions from these exhibits.

Question. And you have no opinion of your own upon that point?

Answer. I have not, except that, as I have said, the revenue from the mail service is less than on the same articles moving in freight service, as shown by these exhibits.

Question. These specific instances?

Answer. Yes.

Question. You are a freight man, are you not?

Answer. Yes, sir.

Question. And you have devoted practically all of your attention to that line of work?

Answer. Yes, sir.

Question. I think you said that the railroads and the mails were in competition with reference to the transportation of magazines and newspapers; is that correct?

Answer. Well, I——

Question. Some competition there?

Answer. I would say to some extent. I am not familiar with the extent to which you move magazines by mail. I know that you can move them either way.

Question. Well, you know that the magazine normally goes into the mails at so much per pound or weight prescribed by the statute, and postage paid; that is to say, it goes into the Post Office Department, and then the transportation is effected by the railroads; wherever it is so carried, it is handed over to them as mail. Of course, everybody is familiar with that. Now, you think that

sometimes the railroads carry magazines independently, where the publisher does not allow the Postal Service to intervene; newspapers are sometimes carried that way?

Answer. No, sir; I do not intend anything of the kind by the exhibit. That is too intricate for me to handle. I simply made a comparison of the rates on magazines in freight service—

Question. Yes; I am not speaking of your exhibit. I am speaking of your testimony, from which I understood you said that there was competition between the mails and the railroads with reference to that sort of commodity.

Answer. The only thing I meant by the answer was that at Philadelphia the magazines could be moved, as I understand it, in postal cars, and I know that they can be moved by freight.

Question (by Mr. WOOD). They are moved by freight.

Answer. And are moved by freight.

Question (by Mr. STEWART). Under certain conditions?

Answer. I don't know that.

Question. And where they are moved by freight, it is upon the initiative of the department, is it not?

Answer. I presume you control the method of transportation, as the consignor.

Question. Now, if there is any competition with regard to the matter, does not the competition come from the railroad company, and not from the department, inasmuch as it is the primary function of the department to transport these things?

Answer. From the answer I have made, it is obvious that I have used the word "competition" in a rather unfortunate sense; that is all. (R. 876-879.)

THE RAILROADS' 7 PER CENT RETURN ON PROPERTY IS BASED UPON MERE OPINION WHICH DOES NOT ACCORD WITH ANY RETURN EVER RECEIVED.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). I see you have here charged 7 per cent return on investment?

Answer. Yes, sir.

Question. What is the reason for that?

Answer. Well, I have always felt that a 7 per cent return for a business like the railroad business was not too much, and in the last three or four years the railroads have moneys that they have been obliged to borrow. Many of them have been unable to finance their needs with bonds, as they had in the past, but have been obliged to borrow from hand to mouth, different kinds of notes, running six months or

a year or three or four or even as much as five years, a thing unheard of in the past; that is, back of 1907 and 1908. They have been paying all the way from what would amount to, in the net, after necessary banking commissions have been paid and discounts, all the way from 5½ per cent to over 8 per cent.

Question. Well, your idea is that they never were properly paid, and you think the 7 per cent would pay them?

Answer. I think 7 per cent would be a fair return under all conditions, year in and year out, over a general average period, and I feel that they have never been paid sufficiently well.

Question. Therefore that is not based upon anything they ever did receive?

Answer. No, sir. Oh, no, no. I don't pretend that.

Question. A supposititious rate?

Answer. No, not very supposititious. It is an opinion of mine. I don't know what it is worth. I have always maintained in any rate cases that I have had anything to do with or for which I have produced figures that 7 per cent was a reasonable rate of return, and we ought to again do it. We hope some day to reach that position. (R. 1327, 1328.)

THE APPLICATION TO THE EXPRESS OF THE SAME PROCESSES OF BUILDING A RATE FOR MAILS WHICH HAVE BEEN FOLLOWED BY THE RAILROADS.

Mr. WETTLING testified on cross-examination as follows:

Question (by Mr. STEWART). Mr. Wetling, we were examining your railroad Exhibit No. 4, on the left-hand side of this sheet—and that is all I am referring to, as it coincides with the statistical period. Your conclusion is that on this basis and theory the railroads should receive something like \$93,000,000 for the mail service?

Answer. Call it ninety-four.

Question. Ninety-four million. I don't understand that you make any distinction between payment on the weight basis and payment on the space basis with respect to this exhibit here, do you?

Answer. No, sir.

Question. So that your conclusion would be just the same in either case?

Answer. Why, naturally, Mr. Stewart. What I was doing here was to take the basis as determined by me in the statistical period and applying the cost and the 7 per cent return and the necessary empty car-foot mileage, as I have placed it, and that if we were paid an adequate re-

turn on the space basis and on the car-miles operated to comply with the authorizations as based on March 27, 1917, then to perform that service it was my conclusion that it would require this round figure of \$94,000,000.

Question (by Attorney Examiner BROWN). That was without any division of the units of that service into a particular charge?

Answer. This is without any division. It is just the general average that we should receive, without attempting to differentiate between the units or to graduate it between the various units or between roads or anything else of that kind. That is just the average grand total.

Question. Well, that was arrived at from a reduction of all the service to a 60-foot car-mile unit?

Answer. Yes, sir.

Question. And then you state the amount there that they ought to pay?

Answer. \$93,981,267 or, based on the authorized car mileage, 36.9 cents per 60-foot car-mile.

Question (by Mr. STEWART). When you say "on the service" you mean on the authorized plus all those additions we have been discussing?

Answer. Yes. I said plus the empty space as I had set it out in my exhibits.

Question. Have you applied this plan or system to the express to ascertain what kind of result you would arrive at—

Answer (interrupting). No, sir.

Question. With reference to that service, on the same principles?

Answer. No, sir; but, generally speaking, it would require almost as much per car-mile to produce what I would consider an adequate revenue from express.

Question. You expect it would?

Answer. Necessarily.

Question. Now, taking the express used space as expressed on your tables and applying the same method and principles, following out in the same manner to a conclusion, and assuming that we should pay \$150,170,648, based only upon the used space as shown by your tables, I assume you are prepared to say that that is the proper revenue you would receive for express?

Answer. Well, I have not followed out your calculations, but I assume that what you have done is to apply the 36.9 cents to the car-foot miles used.

Question. That figure would not be as large as a hundred and fifty million. It would be somewhat reduced. I will substitute the exact figures after the computation

is made. But the principle that has been followed out is exactly the same as you have followed out for the mails, taking the percentage of car-foot miles and applying it to the passenger part of the investment to ascertain the investment for express, then take 7 per cent of that, then multiplying the car-miles of express by the cost, or estimated cost per car-mile?

Answer. Yes, sir.

Question. And then ascertaining the factors by taking the per cent of car-foot miles of express and applying it to the total taxes, and it would produce something less than a hundred and fifty million. But assuming that that method is the same as you applied to mails, you would think that whatever result we obtained would be the amount which you should receive for the express?

Answer. Yes, if the same calculations were made on exactly the same theory, and of course it would only vary from this 36.9 cents that I claim for the mail on the basis of authorized by reason of the difference in the accompanying amount of empty space. That was the relative difference that it would make. That is, it would not require quite as large a per car-mile, because it does not include quite as much empty space.

Question. Now, making the same computation and taking into consideration for the express a like element for this unauthorized excess proportion in the same per cent—31.2, I think it was—and that process which would produce \$163,413,461 for express, you would be likewise of the same conclusion that that is the amount the railroads should receive for express?

Answer. No, sir. No, we can not adopt the 31.2 in the case of express, because there is not as much empty mileage with the express.

Question. I was not predicating my question upon your admitting that there was as much. I said assuming that there was.

Answer. If we assume that there was the same empty car mileage, then that naturally would follow. That is merely a mathematical calculation which is rather extended, and I expect you do not want me to do it here.

Question. No, sir. We have made it here. You can verify it if you like. Now, that being the case, I believe the revenues from express were about a hundred and six million?

Answer. Something like that, for the year, yes, sir.

Mr. WOOD. How much?

Mr. STEWART. A hundred and six million.

Question (by Mr. STEWART). Why do not the railroad companies revise their contracts with the express companies so as to get this money?

Answer. Well, I think that they have been attempting indirectly for a long time to get more rates. They have whacked away at it from time to time. They succeeded in getting a 10 per cent increase some time in 1918, and another increase that amounts to about 11 per cent effective the 1st of January, 1919, and I don't know that the Railroad Administration generally realizes it, but I do, and I have spoken to the administration with regard to the fact that—

Question. No; you misunderstood me.

Answer. To the fact that our pay is not sufficient from the express.

Question. It is not to make the public pay more for the use of the express, but that you revise your contracts with the express company so that you will receive more than 50 per cent, or make up the difference between \$106,000,000 and \$163,000,000.

Question. Well, if we demanded, under the conditions as they obtained in the last two years, more than 50 per cent from the express companies, we would have had them in the hands of receivers within a very short time.

Question. Well, that being true, if the express companies did not secure permission to raise their rates to the public?

Answer. Yes, sir.

Question. If they did that they would not have gone into the hands of receivers.

Answer. If they got better rates, you mean?

Question. If they got better rates.

Answer. Well, then, we would participate in any increase that the express company gets because of the contracts that we have with them.

Question. Do you suppose the Interstate Commerce Commission would consent to any raise of rates like that?

Answer. So as to give the railroad companies some—

Question (interrupting). Yes; so as to give the railroads \$163,000,000.

Answer. I think if it was clearly proven to the Interstate Commerce Commission that we needed it, the Railroad Administration would insist that we got it.

Question. In the recent Express case before the commission do you recall that when this question of contract with the companies was under consideration and the per cent that the railroads were to receive from the express companies was being considered on the application of the express

companies, that they might increase their rates to the public, that the commission referred the matter back to the Director General of Railroads, with a request that he investigate whether or not 5 per cent more could be deducted from this ratio of division of expenses?

Answer. I don't know anything about the details. I was not present at the hearing, nor do I know of the correspondence between the Interstate Commerce Commission and the Director General. It was not submitted to me in any way. I have advised at various times in the past that express rates generally be raised in order to conform to the general structure of rates and the rate structures, and also for the purpose of excluding from the passenger trains the carriage of ordinary freight.

Question. That they be raised to the public?

Answer. Yes, sir; and in order that the Railroad Administration might get more for the service that the railroads were rendering to the express companies.

Question. But I was calling your attention to the fact that in that case there was nothing submitted to the commission which could lead it to believe that this division of revenue was not now fairly remunerative to the railroad companies.

Answer. As to that, I do not know. I was not consulted or I should certainly have said that the remuneration was insufficient.

Question. Now, assuming that in order to keep the express companies out of the hands of receivers the Interstate Commerce Commission would grant the application of the express companies for this large increase in rates to the public, how long do you suppose the express companies would keep their business when they are in competition with the parcel post, with postage far less than that?

Answer. They would not keep it long as against parcel post. Whatever it was possible to ship in parcel post would be pretty apt to go that way.

Question. They would practically lose all their business, would they not?

Answer. Yes; and, incidentally, the railroads would lose still more.

Question. Exactly. Then, in order to save the situation, it would be necessary for Congress to increase the postage rate to the public for the mails?

Answer. No, sir; I don't think so.

Question. How would you save the situation otherwise?

Answer. Well, we are only getting about 16 per cent of the gross receipts from postage, whereas we are getting 50½ per cent of the receipts of the express companies.

Question. Yes, I know; that is another question.

Answer. No; I think it is collateral.

Question. Here is the point, and you have brought it out very clearly in your answer. Because of this competition with the parcel post they would lose the business unless the postage rates were raised, because, of course, the public would take the lowest rate. Therefore, in order to save the situation to the express companies and the railroad companies, it would necessarily be incumbent upon Congress to increase the postage rates to reduce that competition, to bring it upon a parity, as it is now?

Answer. I don't quite see it that way, because my investigation has led me to believe that a certain traffic will still move by express, a great deal of it, and even such as in my opinion ought not to move by express, will still continue to move by express under higher rates.

The investigation that I have made shows—particularly with regard to this test made at the Sears, Roebuck & Co. plant—that notwithstanding the fact that the express charges are greater on the average than the mail charges—I mean now the postage that is paid on the package—the express is still doing considerable business.

Question. That would, of course, continue only where the incidental service furnished was a greater consideration than the difference in cost?

Answer. Well, I can not tell you why, Mr. Stewart. I have not looked into that. (R. 1329-1338.)

GROSS TON-MILE REVENUE FROM FREIGHT AND MAIL.

In reply to Dr. Lorenz's questions Mr. WETTLING testified as follows:

Question. * * * You gave certain comparisons between the earnings from mail and freight, and the preceding witnesses have also given certain comparisons. The record does not contain, up to this point, does it, any comparison between the earning from mail on some unit and the earning from all-freight service on some unit?

Answer. That has not been asked for and has not been given.

Question. Suppose I wished to make such a computation, could I use your figure of 17.8, if your computations are correct—17.8 cents revenue per car-mile and divide by 50 plus 3 and a fraction tons on an average per car?

Answer. Yes, sir.

Question. Do you think that—

Answer (interrupting). You mean to get the average per ton-mile?

Question. Per gross ton-mile.

Answer. Yes; that would express it fairly well, but of course we must give consideration to the difference in cost in running a gross ton-mile in freight versus passenger, necessarily.

Question. Yes. But, in the first place, to make the comparisons, do you think that 50 is a reasonable average weight for the classes of cars used in the mail service?

Answer. I should say that that was practically a minimum, Doctor.

Question. Minimum?

Answer. Yes. I have made some investigation with regard to that. I asked a number of roads as to the weight of their cars, and I have quite a list of them, not convenient here—I guess it is down at the office—in which I find that it runs all the way from 40 to as high as $67\frac{1}{2}$ tons. I gave, as a result of that study, to Mr. Mahoney, a memorandum of 50 tons to use in his gross ton-mile comparisons. I think 55 would be closer to it.

Question. Well, that computation could easily be made, then, on that basis?

Answer. Yes.

Question. Now, to get the corresponding figure in the freight service, would it be proper to take the freight-train cars, loaded and empty, of the mixed freight cars, loaded and empty, and multiply those car-miles by an assumed weight per car, say 19 or 20 tons?

Answer. I should say 19 would be pretty fair. I might even say you could use 20 and not be out of the way much.

Question. One computation I made gives an average of 19.8.

Answer. It has raised some little, has it not?

Question. That includes the coal cars and refrigerator cars.

Answer. I see.

Question. Having so obtained the tare ton-miles, would we deduct a certain percentage for the nonrevenue freight cars?

Answer. I should think so, because the nonrevenue freight cars is a service that is performed for the benefit of both, in behalf of both services, freight and passenger, and also is performed in the ratio of the locomotive miles, I should say, because the nonrevenue ton-miles is very largely a matter of coal, and of course the coal is furnished ratably for both services.

Question (by Attorney Examiner BROWN). Now, you are speaking of the transportation of company material?

Answer. Yes, sir.

Question (by Dr. LORENZ). Now, if you would add to that the net revenue ton-miles you would then get the gross ton-miles in revenue freight service?

Answer. Yes, sir.

Question. And if you divide that into the freight and switching revenue you would get a figure perhaps comparable with the first figure I mentioned?

Answer. You would, but of course you have to give consideration to the difference in the expense per unit.

Question. Oh, yes; certainly. I made that computation pretty carefully, and find it is 3.57 in the freight service for the year 1917.

Question (by Attorney Examiner BROWN). That is the gross ton-mile average?

Answer. 3.57 mills per gross ton-mile, you mean?

Question. Yes, sir. That compares with the 53 and a fraction divided into 17.8.

Answer. Divided into 17.8?

Question. Into 17.8. You need not take the time to make the comparisons. The average haul in both cases, taking the country as a whole, would be similar, would it not, for the mail and the freight? I have forgotten what it is for the mail.

Answer. Well, the average haul for the mail would be about 240 or 250 miles, and the average for the freight in, not talking individually, but the country as a whole, would be about the same. It would not be far off. The 290 miles, I think it is, or something like that. (R. 1355-1359.)

THE SHORT LINES.

THE LINES FOR WHICH TESTIMONY WAS SUBMITTED WERE THOSE INDEPENDENTLY OWNED AND OPERATED.

Mr. BIRD M. ROBINSON, president of the Short Line Railroad Association, testified on direct examination as follows:

Question (by Attorney Examiner BROWN). Now, a short line railroad, within your definition, I suppose, is one where there is actually an initial and terminal service, and where the mail route does not run off a main line onto a branch line, onto a short line; that is, if there is a break in the mail route and then you take up the mail anew and carry it over the line of that road? Is that so?

Answer. The short lines I had in mind when testifying are primarily the independently owned and operated short roads running out into the country with the main lines.

Question. Well, take the Midland Valley, running from Wichita to Fort Smith, Ark., or the Manistee & Northeastern, a road that runs a distance of 200 miles and is in competition with other railroads. Are those denominated short lines within your definition?

Answer. Yes.

* * * * *

Question. Now, as succinctly as you can—you are an experienced man in the matter—will you give a definition of a short line that comes within the terms that are here asking for a differential over the rate that is granted to other lines?

Answer. That is a difficult question to answer.

Question. Well, it is a question that the commission will have to answer, is it not?

Answer. We speak primarily for the independently owned and operated short-line railroads, and in that we include roads, say, under 200 miles in length, and we take into consideration the revenue derived, to arrive at a conclusion as to whether it should be classed as a short line or not. For example, the Atlanta & West Point is only about 100 miles long, and yet it is really a trunk-line railroad. Its earnings—its situation takes it out of the class of short lines.

Question. You have in there no railroad, as I understand it, that would be classed as class 1 under the commission's classification?

Answer. I think the Midland Valley probably would be.

Question. With earnings over \$1,000,000?

Answer. Over \$1,000,000. Finishing the answer I was attempting to give to your previous question, I would say that the Georgia & Florida for example, which is approximately 400 miles long, is classed by us as a short line because of the thinness of its revenue.

Question. You do not know whether it ever carries an apartment car or a distributing car on it?

Answer. I think it probably does. Running the length it does, it probably has apartment service.

Question. Then, it would not be in any different situation, would it, from the proposition of the Post Office Department, on the space basis of payment than any other line that ran the same distance, 400 miles?

Answer. Probably not. (R. 4022-4024.)

Mr. D. M. SWOBE, president of the Western Association of Short Line Railroads, testified on direct examination as follows:

Question (by Attorney Examiner BROWN). What you represent are independent lines; they are not connected with or a part of trunk-line systems, are they?

Answer. No, sir; these are all independently owned and operated steam roads. (R. 2716.)

COMPANIES HAVE MORE INTEREST IN CARRYING MAILS THAN THE MERE REVENUE DERIVED.

Mr. BEN B. CAIN, of the Gulf, Texas & Western Railroad Company testified on cross-examination as follows:

Question (by Mr. STEWART). Now, don't you think that the question of transportation of mails over these lines you describe is entitled to a different kind of consideration than the transportation of ordinary traffic?

Answer. I can not see it.

Question. Has not the transportation of the mails an element in it of benefit to the roads which the transportation of a commodity has not?

Answer. Well, I don't recall anything, Mr. Stewart. If you can suggest to me, perhaps I overlooked something.

Question. This perhaps will suggest something to you. When you transport a commodity over your line your interest in it is merely in the revenue you derive from that transportation, is it not?

Answer. Yes; I suppose that is correct.

Question. Now, in transporting the mails you have that same interest, what you will receive for it for carrying it over your line. That far the parallel is good. But in addition to that you have an added element in what the mails will mean in the development of the country through which your line runs, and on which your line depends for its well-being. Is not that true?

Answer. Well, I think the mail is very much like any other public service. It follows development. Of course there would be no necessity for mail unless there had been some character of development somewhere, and the first consideration in the construction of the railroad, of course, is to build up the country, and, necessarily, any convenience or anything that makes the public more comfortable or gives it a service of one kind or another enters into it. (R. 2914, 2915.)

MANNER OF ACCOMPLISHING DIFFERENTIALS UNDER CONTRACT WITH CONNECTING LINES.

Mr. CAIN testified on cross-examination as follows:

Question (by Mr. STEWART). Speaking of the differentials, Mr. Cain, that you referred to—and I am asking for information—how were they realized by your short lines, how were they accomplished?

Answer. Well, in most cases it was accomplished by contract with the connecting lines. In the case of the Georgia roads, to which I referred, of course it is accomplished by the commission itself. We have the right in my State to appeal to the commission if we do not agree upon the division.

Question. Then it is really a matter of contract between the main line and the short line?

Answer. Well, if you can make the contract. If not, then you may resort to the commission, of course, at all times, and they will fix the divisions as between the short line and the long line. (R. 2913.)

APPLICATION OF EXPRESS DIFFERENTIAL A MATTER OF CONTRACT.

Mr. ROBINSON testified on cross-examination as follows:

Question (by Mr. STEWART). You spoke of a differential in favor of express. How is that applied, so far as the short lines are concerned?

Answer. They get a percentage of the entire rate. Some of them get one percentage and some another. Many of them carry the express themselves. In only one instance have I ever had an express contract. I would not take one, because I could carry the express myself. In that case I got adequate compensation, whereas I could not get it through the regular express company.

Question. If the regular express company operated over your road you would not receive any differential on express?

Answer. It is owing to what your contract was.

Question. Well, that would be a matter of contract, then, between the railroad and the express company?

Answer. That is correct.

Question. And that is all you meant when you spoke of a differential on the express?

Answer. Yes. (R. 2896, 2897.)

REGULAR RECEIPT OF MAILS AN ELEMENT IN THE DEVELOPMENT IN WHICH THE RAILROADS ARE INTERESTED.

Mr. ROBINSON testified on cross-examination as follows:

Question (by Mr. STEWART). Mr. Robinson, you have said that these short lines, so called, are developing roads, in substance, to quite an extent?

Answer. I said as a rule they were pioneers going out and developing a section of the country. I think that was a correct statement.

Question. Usually extending into undeveloped parts of the country?

Answer. As a rule I think that is true.

Question. Do you think that the carriage of the mails over such a line is an important thing for a road which is developing a pioneer country?

Answer. I do think it is of some importance to the community.

Question. Those sections of the country which are being developed by the building of new roads would not progress very far, would they, unless the population received the mails regularly?

Answer. I don't think the mail is the developer of any section of the country. If so, the rural free deliveries would develop a country. I think it is the railroad that goes in and furnishes the transportation that really furthers the development, and that the mail is a mere incident, because they get the mail under ordinary circumstances in almost every community.

Question. But is it not true that the development which the railroad is depending upon to sustain it is largely influenced by the fact that the people who are developing the country for you do receive the mails regularly?

Answer. That is an element, but I don't think it is a large element.

Question. You think it would not make much difference, then, to those people, whether they received the mail or not?

Answer. I answered that as to my own experience. I have built several railroads, and in every instance I have tried to keep the mails off the road, and in no instance did I find that the development was retarded so long as I did not handle the mails, and I never saw any perceptible benefit to come from my carrying the mails.

Question. Is it not true in all these cases people who were living in the country through which your road ran were very insistent upon having mail service established on the road?

Answer. It is true that the people have urged the carrying of the mails on the train; therefore the department urged it. Otherwise they never would have been on any train that I run. The injustice of the department in its administration in handling the mail and of the inadequacy of pay was such that at no time was I ever willing to carry the mail except when I was forced to.

Question. Then your objection and your opinion are based entirely upon that element and not upon the non-importance, you might say, of the mail to the section of the country through which the road runs?

Answer. Well, I think I answered before that I did not see that the development of the country was retarded when I did not carry the mails, and I never saw any very perceptible increase in the development when I did carry them.

Question. Do you think the development of the country depends somewhat on the mails?

Answer. To a very considerable extent, of course.

Question. To a very considerable extent?

Answer. But the development does not necessarily depend upon the carrying of the mails by the railroad. The department is getting the mails out all the time by rural carriers, and pay a rural carrier more than they pay me. For example, in the case of the Tennessee Railroad, when I was carrying the mail approximately 42 miles, getting something like \$460 for it, they would pay rural free delivery carriers that went out from different stations on my line, carrying a small fraction of the mail I had carried, and they would pay him some \$1,100 or \$1,200, and that they paid him for carrying that 24 miles, and I would get \$460 for carrying it 42 miles, and carrying many times the amount. So that I felt the injustice of the situation, and I did not see any perceptible difference in the development of the country. (R. 2892-2895.)

PROPER FOR COMMISSION TO TAKE INTO CONSIDERATION THE POSSIBILITY OF ADMINISTRATIVE IMPROVEMENTS.

Mr. STEWART stated during the direct examination of Mr. Williamson, of the Chesapeake Western Railway, the following:

One more thing on this matter, in connection with what I said before as to the scope of the inquiry of this commission, and this question, I think, can be better presented in our brief. I want it distinctly understood, in connection with what I said, that in determining the plan or

measure by which the rates shall be adjusted, it is proper for the commission to take into consideration the possibility of all administrative improvements that might be feasible. (R. 2866.)

RAILROAD PLAN OF RAILWAY MAIL PAY NOT INDORSED BY MIDDLETOWN & UNIONVILLE RAILROAD.

Mr. SMITH, of the Middletown & Unionville Railroad, testified on cross-examination as follows:

Question (by Mr. STEWART). Mr. Smith, have you examined the plan which is presented here by the railroads?

Answer. I have not.

Question. You have not; you have not seen it, then?

Answer. No, sir.

Question. Then, you do not know that under that plan, with probably four trains a day, your pay would be about \$1,181, and you are asking here nearly \$6,000—\$500 a month would be \$6,000?

Answer. I don't know anything about that plan, who got it up, or anything about it. I know what it costs me to handle the mails.

Question. We have understood that it has been indorsed by the Short Line Association.

Answer. Not to my knowledge. I have not indorsed it; I have not seen it. (R. 2839, 2840.)

FREIGHT REVENUE DECLINED OWING TO DECREASED BUSINESS, BUT MAIL PAY REMAINED STATIONARY NOTWITHSTANDING FALLING OFF IN VOLUME.

Mr. L. G. CANNON, of the Nevada Northern Railroad Co., testified on cross-examination as follows:

Question (by Mr. STEWART.) Now in regard to your freight business, I believe you said that you were doing about 50 per cent of what you did before, consequently your freight business has varied, it has fluctuated and dropped off, as I understand. Did the mail business, in so far as the authorization is concerned, drop off during that period in the same way?

Answer. Oh, yes, sir. It must necessarily. You see half our population has gone up, practically.

Question. But your pay did not decrease on the mails?

Answer. Oh, the mail is just the same, yes.

Question. Although your pay for freight did fluctuate 50 per cent?

Answer. Yes. (R. 2823, 2824.)

ADVANTAGE TO THE RAILROADS TO HAVE THE COMMUNITIES THEY SERVE PROVIDED WITH MAIL SERVICE.

Mr. SWOBE testified on cross-examination as follows:

Question (by Mr. STEWART). Do you think it is of any advantage to carry mail matter, now, just waiving the parcel post for the time being?

Answer. We do, if we are paid for all of the services.

Question. Of course, I assume that you are always paid that—

Answer. We have never been.

Question. Whether you think so or not. So it really is an advantage to your railroad for the communities you serve to be served with the mails?

Answer. Yes, sir; it is.

Question. And of course those communities would not exist very long unless they could get the mails, would they?

Answer. No, sir.

Question. They would not stay there unless the mails could be gotten there?

Answer. No, sir; unquestionably. (R. 2794, 2795.)

SHOULD NOT RECEIVE SAME COMPENSATION FOR TRANSPORTING PARCELS AS RECEIVED FOR TRANSPORTING A PASSENGER.

Mr. SWOBE testified on cross-examination as follows:

Question (by Mr. STEWART). You referred to the space which a passenger would probably occupy in your cars?

Answer. Yes, sir.

Question. And compared it with the space which would be occupied by these parcels which are shown on your exhibit?

Answer. Yes, sir.

Question. Do you think that you should receive the same rate of compensation for transportation for these parcels that you receive for a passenger?

Answer. Oh, no; it is just simply a comparison. (R. 2786.)

POST OFFICE DEPARTMENT CIRCULAR LIMITING QUANTITY OF PARCEL POST TO BE ACCEPTED FOR MAILING OVER STAR ROUTE.

During the cross-examination of Mr. Swobe, Mr. Stewart referred to circular letter of the Second Assistant Postmaster General on above subject and concerning which Mr. SWOBE testified as follows:

Question (by Mr. STEWART). Are you familiar with the department's rule which limits the shipment of this matter in question to 200 pounds a day?

Answer. Yes, sir.

Question. And if that be true, how is it possible that this parcel post has taken away all of your less than car-load business?

Answer. That has had absolutely no effect in this section of the country. The various stores, or a large majority of these stores, are cooperative stores. You will find canned goods, flour, salt, and sugar moving consigned to everybody connected with the store, in order to overcome that, and that is being done right along.

Question. If that were done, of course it would be a violation of the spirit of this order, would it not?

Answer. I think not, the way the order reads.

Question. Are you familiar with the purpose of the order?

Answer. I am familiar with the wording of the order—from one individual to one individual.

Question. Did you ever know why it was issued—on the complaint of roads such as yours?

Answer. Why, I assumed it was on complaint. We had been complaining ever since it had been put in.

Mr. STEWART: I offer this sheet of instructions relating to the shipment of merchandise to be hauled on a star route, under dates of November 2, 1914, November 7, 1916, and November 22, 1916.

* * * * *

Mr. STEWART: This order of November 2, 1914, is as follows:

The Postal Laws and Regulations, edition of 1913, are amended by the addition of the following as section 478½:

"Sec. 478½. The Postmaster General may in his discretion, by order, fix the time within which all parcels of the fourth class shall be delivered."

That is quoted from the act of March 9, 1914.

2. When a very large or unusual number of parcels containing merchandise of the same kind, other than perishable matter addressed to the same postoffice, are offered for mailing, the postmaster should notify the Second Assistant Postmaster General and await instructions before accepting the same.

Notice of November 7, 1916:

Referring to paragraph 2 of section 478½, Postal Laws and Regulations, it is directed that hereafter when more than 200 pounds of merchandise, other than perishable matter, are offered for mailing by one sender to one addressee on the same day it shall be considered a large or unusual shipment within the meaning of the section referred to above, and postmasters shall, in every instance, before accepting such shipments, notify the Second Assistant and await instructions.

Notice of November 22, 1916:

Referring to instructions of November 7, 1916, limiting shipments of merchandise to 200 pounds by one sender to one addressee on the same day, the attention of postmasters is especially directed to the fact that this order does not apply to perishable matter; nor will it apply to shipments between postoffices where no star route haul is involved.

The last paragraph it is not necessary to read. (R. 2781-2783.)

COST OF SERVICE PLUS A REASONABLE RETURN AN IDEAL BASIS.

Mr. ROBINSON testified on cross-examination as follows

Question (by Mr. STEWART). If it is true that this matter must be considered in a general way, and it would be impracticable to produce your 500 or 600 witnesses here, would it not be reasonable to make an adjustment to these short lines on some universal basis, some general basis, as, for instance, cost of service, plus a reasonable return?

Answer. My opinion of that is that you are going into an impractical proposition as to the cost of service. If you go into the mountain districts you will find the cost of service one thing, and if you go into the prairie districts you will find the cost of service another thing. The conditions are so varied and varying that I do not think you can act upon any such basis.

Question. Are not your other rates fixed upon some such basis as that, cost being the basis?

Answer. Only to a limited extent.

Question. Then, your freight rates and passenger rates do not give any consideration to the cost of performing the service?

Answer. I did not say not any.

Question. Well, how much?

Answer. That is difficult to tell. The rates are made by the commissions in most of the States. It is not possible for me to know what enters into their minds and what governs them when they decide what the rates shall be.

Question. Don't you think cost should be an element?

Answer. Cost is an element.

Question. Well, how much is it an element?

Answer. It is a question of who is going to decide the question. I can't tell what a given commission will do when it determines what a rate shall be.

Question. Then, you do not know that they have ever considered cost to any great extent in the fixing of your rates?

Answer. Well, I assume necessarily that they have taken that into consideration.

Question. Then, would it not be very reasonable to take cost into consideration in this case?

Answer. As part of the consideration—yes.

Question. Then, if we had the cost fairly well determined, and to that should be added a fair return, would not that be a correct rate?

Answer. Possibly it might be a correct rate; possibly it might not.

Question. Well, you say it would not be?

Answer. I said possibly it would not. Possibly it would, and possibly it would not.

Question. Well, don't you think it would be?

Answer. I am not always prepared to say that cost of the service is the correct basis for a charge for a service rendered.

Question. With a fair return. You do not want more than the cost and a fair return, do you, for any service?

Answer. In the railroad business I have never been able to get an ideal condition, such as you describe.

Question. But if you got it, it would be ideal, would it not?

Answer. It would be ideal.

Question. Well, that is what I am getting at. So, if we could ascertain the fair cost of this service, then add a reasonable return, that would be ideal, would it not?

Answer. It would be all right; it would be all right.

Question. And if we had ascertained—just leaving out of consideration the ascertainment for your short lines as a class—if we had ascertained the average cost for all the service, and then there should be added to that a fair differential for that service, you would think that would be a good rate?

Answer. It depends on who is going to ascertain that cost. If the Post Office Department is to ascertain the cost, I would not accept it under any circumstances that I have ever known. My experience with the Post Office Department is that they are unconscionable when they come to deal with the railroads in paying for the mail. That has been my experience, and I would not want to trust them to determine the cost or reasonable estimate.

Question. Well, of course, that is your personal opinion, Mr. Robinson, which is not substantiated by anything in this record. Now, if, however, an ascertainment of cost should be made, which should have the sanction of the Interstate Commerce Commission, would you have any further confidence?

Answer. I would have a great deal more confidence in it.

Question. Don't you know that any ascertainment of the kind which will be accepted here will be such an ascertainment?

Answer. I hope so.

Question. And therefore your gratuitous remark with regard to the Post Office Department was entirely uncalled for?

Answer. That may be your opinion, but when I am called upon to answer the question as to the cost of service and a fair return, based on the proposition made by the department here, then I feel that it was not gratuitous, and I was entitled to answer the question and give my personal views. I am the witness, and entitled to testify.

Question. And you leave out of consideration the knowledge that any cost ascertainment to be accepted here must be approved by the commission. (R. 4037-4040.)

DIFFERENTIAL FOR SHORT LINES MAY BE MEASURED IN ONE WAY BY THE DIFFERENCE IN FREIGHT AND PASSENGER RATES FROM TRUNK LINE RATES.

Mr. ROBINSON testified, in reply to inquiries by Attorney Examiner Brown as follows:

Question (by Attorney Examiner BROWN). Now, I understood from your counsel that these short line railroads, as a rule, have higher passenger fares and have higher freight charges than the trunk lines, generally speaking.

Answer. That is true.

Question. Do you mean to say the difference in the rates that should be paid these short lines should be measured by the difference in their freight and passenger fares?

Answer. That may be one way of measuring it.

Question. What I mean by that is if it is 10, 15 or 25 per cent over, you would add it?

Answer. I say that is one way of measuring it.

Question. The reason given, I suppose, by the State commissions, and I know by the Interstate Commerce Commission, for the allowance of higher rates on such roads as that, is because of the higher operating expenses per mile of line, or things of that kind?

Answer. That enters into it to a very considerable extent. (R. 4025, 4026.)

IN GENERAL.

It was stipulated that the other superintendents of Railway Mail Service would testify substantially to the same facts as Mr. Gaines and Mr. Brauer, with reference to the administration of the service in the several divisions. (R. 248, 249.)

ARGUMENT.

PLANS FOR RAILWAY MAIL PAY—PAST AND PRESENT.

The carriage of the mails on railroads began with the construction of such means of transportation. Usually the railroad when constructed provided for transportation between points where service had theretofore been performed by stage coach or steamboats. The contracts which had been made for the stage coach or steamboat service were generally renewed in the same form but with the railroad as contractor.

As competition for service upon the newly constructed roads was impracticable, Congress by the act of 1838 provided that every railroad shall be a post route, and that the Postmaster General shall cause the mail to be transported thereon, provided it could be done on reasonable terms and by not paying more than 25 per cent more than the cost for similar transportation by stage coaches. The act of 1839 limited the amount that could be paid to not more than \$300 per mile per annum to any railroad for the conveyance of one or more daily mails.

It is said that under this arrangement the profits of the railroads were very great. In 1845 Congress provided a method for more accurately paying for service rendered by providing for three classes of routes according to the size of the mails, the speed with which they were conveyed, and the importance of the service, and prescribed maximum rates for each class. There was provision also for an increased rate in case one-half the service was performed at night.

By reason of the growth of the service and the fact that the classification of routes did not insure uniform rates of pay for like services rendered, the compensation is said to have been comparatively reduced, and the advent of postal cars for the distribution of letter mail en route, which feature probably originated in 1851 and became

recognized as a postal feature in 1864, introducing the element of space in addition to weight, it became evident that a new system of railroad mail pay was necessary.

Accordingly, in 1873, Congress enacted the weight-pay schedule of rates based upon average daily weights of mails carried on the several routes, and also provided for additional pay for full railway post office cars 40 and more feet in length, which statute, with the amending acts of 1876, 1878, and 1907, have provided the scheme for compensating the railroads for carrying the mails since that date until the passage of the act of Congress of July 28, 1916, providing for the space-basis plan of payment.

A more detailed history of the Railway Mail Service will be found in Appendix A, hereto, and the several acts of Congress prescribing the rates of pay for the transportation of the mails by railroads and for their performance of service in connection therewith, will be found set forth in Appendix C, hereto.

With the introduction of the railway post-office apartment in cars for the purpose of the distribution of the mails en route, as above stated, the question as to whether or not the basis for the payment of compensation should be space more than weight began to be considered and discussed. From 1868 down to the present time officers of the Department, departmental commissions, congressional commissions, and officials of railroad companies have expressed views in favor of a space-basis system. Among the officers of the department who have in some measure favored a space-basis system and whose views are incorporated in the appendix were J. N. Davis, who was in charge of the first division which handled railroad mail service in the Department; George S. Bangs, General Superintendent of Railway Mail Service in 1875; and Theodore N. Vail, General Superintendent of Railway Mail Service in 1877. The special departmental and congressional commissions that favored a space basis were the Hubbard Special Commission, 1878; the Subcommittee of the Senate Committee on Transportation Routes to the Seaboard, Senator John H. Mitchell, 1874; the Elmer-Thompson-Slater Commission, 1883; Postmaster General,

1884; the Loud-Wolcott Commission, 1901; Postmaster General Hitchcock's report to Congress, 1911; and the Bourne Commission—Joint Committee on * * * Compensation for the Transportation of Mail, 1914. These views have been collected and set forth in Appendix B, hereto.

THE PRACTICAL OPERATION OF THE SPACE-BASIS SYSTEM.

IN GENERAL.

With the consent and approval of the Commission the Postmaster General stated the greater part of the railroad mail service upon the space basis from November 1, 1916. The laws, regulations and instructions under which said service has been administered are set forth in Post Office Department Exhibit No. 1. The standard floor plans for railway post-office cars are set forth in the original "Statement of the Postmaster General," filed herein, and in Post Office Department Exhibits Nos. 2 and 20. (Digest, etc., pp. 48, 49, 64, *supra*.) The number of cars necessary to fill authorizations of specific units as of March 27, 1917, in full railway post-office cars and apartment railway post-office cars; the number of cars necessary as operated by the railroad companies; the number of cars of lesser length authorized, operated and paid for pro rata; and the number of storage cars necessary to cover regular authorizations, etc., supplementing the original "Statement of the Postmaster General," are set forth in Post Office Department Exhibit No. 25. (Digest, etc., p. 68, *supra*.) The kind of mail car equipment (full railway post-office cars and apartment railway post-office cars) owned and operated in connection with the railroad mail service as of same date, whether of steel, steel underframe, or wood, and of the various unit lengths prescribed in the act, are set forth in Post Office Department Exhibit No. 26. (Digest, etc., p. 68 *supra*.)

ANNUAL RATES OF PAY TO THE SEVERAL RAILWAY COMMON CARRIERS FOR THE MONTH OF APRIL, 1917.

The statement of the Postmaster General filed at the inception of this case shows *inter alia* the annual rates of pay allowed by the Postmaster General (being at the maximum rates provided by section 5 of the act of July 28, 1916) to the several railroads whose mail service was stated on the space basis of pay, as of November 1, 1916. The total miles of service per annum authorized was 577,263,764.98; the total annual rate of pay, comprising line pay and initial and terminal allowances, was \$64,384,469.54. (Statement, pp. 20 to 659, inclusive.)

The same statement shows also the annual rates of pay allowed by the Postmaster General (being at the maximum rates allowed by the acts of Mar. 3, 1873 (R. S. 4002), July 12, 1876, 19 Stat., 79, June 17, 1878, 20 Stat., 142, and Mar. 2, 1907, 34 Stat., 1212) to the several railroads whose mail service was stated on the weight basis of pay, as of November 1, 1916. The total annual rate of pay for transportation was \$1,102,245.23. (Statement, pp. 661 to 687, inclusive.)

Post Office Department Exhibit 9 shows the amounts of compensation allowed by the Postmaster General (being at the maximum rates provided by section 5 of the act of July 28, 1916) to the several railroads whose mail service was stated on the space basis of pay, for the month of April, 1917, of the statistical period selected. The total pay for April, 1917, comprising the line pay and initial and terminal allowances was \$4,801,704.84.

Post Office Department Exhibit 10 shows the amounts of compensation allowed by the Postmaster General (at the maximum rates allowed by the acts of 1873, 1876, 1878, and 1907) to the several railroads whose mail service was stated on the weight basis, for the month of April, 1917, of the statistical period selected. The total pay for April, 1917, was \$89,374.89.

The annual rates of pay, by railroads, is thus brought up to the period of other statistical information submitted.

The annual miles of service, annual rates of pay—line pay and initial and terminal allowances—by units of service on the routes stated upon the space basis of pay as authorized on November 1, 1916, and the unit rates per mile for authorized service are set forth in Post Office Department Exhibit No. 4. (Digest, etc., pp. 50, 51, *supra.*) However, the service authorized as of that date represented substantially the service in operation under the weight-basis system, which preceded the space-basis system, and before the beginning of the statistical period the department had effected many economies in the statement of the service. Therefore the service as authorized on March 27, 1917, the beginning of the statistical period, more correctly expresses the status under the new system of pay. The details of the annual miles, the annual rates and allowances by units of service, and the unit rates per mile for authorized service as of the latter date are all set forth in Post Office Department Exhibit No. 5. (Digest, etc., pp. 52, 53, *supra.*) It will be informing to present the results of this exhibit in the following details:

RELATION OF THE DIFFERENT UNITS OF SERVICE.

In the following synthesis of data the relations of the different units of service (space basis) as of the statistical period March 27 to April 30, 1917, are shown—(1) with respect to miles of service performed in the several authorized units of space; (2) with respect to miles of service performed in the several authorized units of space equated to a common standard, namely, a 60-foot car; (3) with respect to ton-miles of mail service performed in the several authorized units of space; (4) with respect to the average loads carried in the several authorized units of space; (5) with respect to the average loads per linear foot carried in the authorized units of space; (6) with respect to the average length of trip for the several authorized units of space; (7) with respect to pay allowed for service (mileage) performed in the several authorized units of space; (8) with respect to the resulting ton-mile rates of pay allowed for the service performed in the several authorized units of space.

SPACE AND MILEAGE.

(a) The total annual mileage of service performed in the several authorized units of space is shown in Post Office Department Exhibit No. 5 to be 557,151,915.99, the ratios in per cents being as follows:

Miles of service performed in the following units of space.

Units of space.	Per cent of whole.
1. 60-foot full R. P. O. cars.....	15.46
2. 30-foot apartment R. P. O. cars.....	26.05
3. 15-foot apartment R. P. O. cars.....	17.40
4. 60-foot storage cars.....	9.00
5. 30-foot storage space.....	1.93
6. 15-foot storage space.....	2.81
7. 7-foot storage space.....	2.54
8. 3-foot storage space.....	1.82
9. 7-foot closed-pouch space.....	3.38
10. 3-foot closed-pouch space.....	19.61
11. All full and apartment R. P. O. cars (1, 2, and 3).....	58.91
12. All full R. P. O. and full storage cars (1 and 4).....	24.46
13. All 30-foot, 15-foot, 7-foot, and 3-foot storage space (5, 6, 7, and 8).....	9.10
14. All closed-pouch space (9 and 10).....	22.99

(b) The above shows the ratios of the miles of service of the several units as authorized. It does not, therefore, show the ratios of the mileage of service performed in the authorized units equated to units of the same size. When the miles of service of the several units have been equated to the 60-foot car basis, the total is shown to be 252,195,307.18, and the ratios are as follows (Post Office Department Exhibit No. 51):

Miles of service performed in the following units of space equated to 60-foot cars.

Units of space.	Per cent of whole.
1. 60-foot full R. P. O. cars.....	34.16
2. 30-foot apartment R. P. O. cars.....	28.78
3. 15-foot apartment R. P. O. cars.....	9.61
4. 60-foot storage cars.....	19.88
5. 30-foot storage space.....	2.13
6. 15-foot storage space.....	1.55
7. 7-foot storage space.....	.65
8. 3-foot storage space.....	.20
9. 7-foot closed-pouch space.....	.87
10. 3-foot closed-pouch space.....	2.17
11. All full and apartment R. P. O. cars (1, 2, and 3).....	72.55
12. All full R. P. O. and full storage cars (1 and 4).....	54.04
13. All 30-foot, 15-foot, 7-foot, and 3-foot storage space (5, 6, 7, and 8).....	4.53
14. All closed-pouch space (9 and 10).....	3.04

WEIGHT AND MILEAGE.

The total computed annual ton-miles of mail service on the railroads for the year 1917 is shown to have been 826,090,715 (Post Office Department Exhibit No. 11). The estimated ton-miles of service performed in the several units of authorized space are shown in Post Office Exhibit No. 52, and the per cent of each to the whole is there stated as follows:

Estimated ton-miles of service performed in the units of space.

Units of space.	Per cent of ton-miles to the whole.
1. 60-foot full R. P. O. cars.....	26.48
2. 30-foot apartment R. P. O. cars.....	14.72
3. 15-foot apartment R. P. O. cars.....	3.14
4. 60-foot storage cars.....	39.79
5. 30-foot storage space.....	4.28
6. 15-foot storage space.....	3.53
7. 7-foot storage space.....	1.71
8. 3-foot storage space.....	.49
9. Closed-pouch space.....	5.86
10. All full and apartment R. P. O. cars (1, 2, and 3).....	44.34
11. All full R. P. O. and full storage cars (1 and 4).....	66.27
12. All 30-foot, 15-foot, 7-foot, and 3-foot storage space (5, 6, 7, and 8).....	10.01

AVERAGE LOADS.

(a) The relation as to average loads carried in the several authorized units of space is shown in Post Office Department Exhibit No. 12. The general averages are as follows:

Service in units of space.

Units of space.	Average load.
	<i>Pounds.</i>
60-foot full R. P. O. cars.....	5,079
30-foot apartment R. P. O. cars.....	1,675
15-foot apartment R. P. O. cars.....	536
60-foot storage cars.....	13,114
30-foot storage space.....	6,575
15-foot storage space.....	3,726
7-foot storage space.....	1,998
3-foot storage space.....	795

(b) The average load per linear foot of the authorized units of car space is shown by Post Office Department Exhibit No. 50 to be as follows:

Service in units of space.

Units of space.	Average load per linear foot.
	<i>Pounds.</i>
60-foot full R. P. O. cars.....	84.65
30-foot apartment R. P. O. cars.....	55.83
15-foot apartment R. P. O. cars.....	35.73
60-foot storage cars.....	218.56
30-foot storage space.....	219.16
15-foot storage space.....	248.40
7-foot storage space.....	285.42
3-foot storage space.....	265.00

AVERAGE HAULS.

The relation as to the average length of trip for the several authorized units of car space over the stated railway post-office runs is shown by Post Office Department Exhibit No. 16 to be as follows:

Service in units of space.

Units of space.	Average length unit trip.
	<i>Miles.</i>
60-foot full R. P. O. cars.....	367
30-foot apartment R. P. O. cars.....	205
15-foot apartment R. P. O. cars.....	86
60-foot storage cars.....	420
30-foot storage space.....	263
15-foot storage space.....	172
7-foot storage space.....	154
3-foot storage space.....	104
7-foot closed-pouch space.....	100
3-foot closed-pouch space.....	48

SPACE-MILEAGE AND PAY.

The relation between the miles of service performed by the several units of authorized space and the pay allowed by the Postmaster General under the terms of the act of July 28, 1916 (39 Stat., 412), therefor, is shown by Post

Office Department Exhibit No. 5. The total annual pay authorized March 27, 1917, was \$59,753,679.21, and the ratios expressed in per cents is as follows:

Service mileage by units of space.

Units of space.	Per cent of all pay.
1. 60-foot full R. P. O. cars.....	30.90
2. 30-foot apartment R. P. O. cars.....	29.03
3. 15-foot apartment R. P. O. cars.....	13.22
4. 60-foot storage cars.....	17.89
5. 30-foot storage space.....	1.94
6. 15-foot storage space.....	1.50
7. 7-foot storage space.....	.62
8. 3-foot storage space.....	.20
9. 7-foot closed-pouch space.....	1.06
10. 3-foot closed-pouch space.....	3.64
11. All full and apartment R. P. O. cars (1, 2, and 3).....	73.15
12. All full R. P. O. and full storage cars (1 and 4).....	48.79
13. All 30-foot, 15-foot, 7-foot, and 3-foot storage space (5, 6, 7, and 8).....	4.27
14. All closed-pouch space (9 and 10).....	4.70

TON -MILEAGE AND PAY.

The relation between the resulting ton-mile rates of pay allowed for service performed in the several authorized units of space, is shown in Post Office Department Exhibit No. 52, as follows:

Service (ton-miles) by units of space.

Units of space.	Rate per ton-mile.
	<i>Cents.</i>
60-foot full R. P. O. cars.....	8.44
30-foot apartment R. P. O. cars.....	14.27
15-foot apartment R. P. O. cars.....	30.40
60-foot storage cars.....	3.25
30-foot storage space.....	3.28
15-foot storage space.....	3.07
7-foot storage space.....	2.64
3-foot storage space.....	3.07
Closed-pouch space.....	5.79
All full and apartment R. P. O. cars.....	11.93
All full R. P. O. and full storage cars.....	5.32
All 30-foot, 15-foot, 7-foot, and 3-foot storage space.....	3.08
All services—average.....	7.23

RECAPITULATION.

The foregoing combined in one table for comparative reference is as follows:

Service performed in—	Miles of service of authorized unit (per cent of whole).	Miles of service of authorized unit, equated to 60-foot car unit (per cent of whole).	Estimated ton-miles of service performed in authorized unit (per cent of whole).	Average load of authorized unit (pounds).	Average load per linear foot of authorized unit (pounds.)	Average length of trip of authorized unit (miles).	Pay allowed (per cent of whole).	Resultant ton-mile rate of pay (cents).
1	2	3	4	5	6	7	8	9
1. 60-foot full R. P. O. cars..	15.46	34.16	26.48	5,079	84.65	367	30.90	8.44
2. 30-foot apartment R. P. O. cars.	26.05	28.78	14.72	1,675	55.83	205	29.03	14.27
3. 15-foot apartment R. P. O. cars.	17.40	9.61	3.14	536	35.73	86	13.22	30.38
4. 60-foot storage cars.	9.00	19.88	39.79	13,114	218.56	420	17.89	3.25
5. 30-foot storage space.	1.93	2.13	4.28	6,575	219.16	263	1.94	3.28
6. 15-foot storage space.	2.81	1.55	3.53	3,726	248.40	172	1.50	3.07
7. 7-foot storage space.	2.54	.65	1.71	1,998	285.42	154	.62	2.64
8. 3-foot storage space.	1.82	.20	.49	795	265.00	104	.21	3.07
9. 7-foot closed-pouch space.	3.33	.87	5.86	.....	.....	{ 100	1.06	5.79
10. 3-foot closed-pouch space.	19.61	2.17	.....	.....	.....	{ 48	3.64	
11. All full and apartment R. P. O. cars (items 1, 2, and 3).	58.91	72.55	44.34	.....	.....	.....	73.15	11.93
12. All full R. P. O. and full storage cars (items 1 and 4).	24.46	54.04	66.27	.....	.....	.....	48.79	5.32
13. All 30-foot, 15-foot, 7-foot, and 3-foot storage space (items 5, 6, 7, and 8).	9.10	4.53	10.01	.....	.....	.....	4.27	3.08
14. All closed-pouch space (items 9 and 10).	22.99	3.04	.....	.....	.....	.....	4.70	.....
15. All service—average.	.....	.....	.....	.....	.....	.....	.....	7.23

WEIGHING FOR STATISTICAL PURPOSES.

For the information of the Commission the Postmaster General had the mails upon all railroad mail routes weighed during the statistical period from March 27 to April 30, 1917, and the average daily weights computed thereon and the rates of pay, as provided by the act of 1873 and the amending acts (weight basis), applied thereto. This was for information only and not for statement of compensation. The results are stated in Post Office Department Exhibit No. 38. (Digest, etc., pp. 72, 73, *supra*.)

TOTAL AVERAGE DAILY WEIGHT, LENGTH OF ROUTES, AND
TOTAL POUND-MILES PER DAY AND COMPUTED TON-MILES
PER YEAR.

Based upon the weighing of the mails on all railroad mail routes throughout the entire country for the statistical period from March 27 to April 30, 1917, Post Office Department Exhibit No. 11 (Digest, etc., p. 59 *supra*) shows results of the computations based upon these statistics as follows:

- Total average weight carried per day, 20,131,302 pounds.
- Length of routes over which mails were carried, 234,306.95 miles.
- Pound-miles per day, 4,526,524,485.
- Computed ton-miles per year, 1917, 826,090,715.

ECONOMY IN SPACE REQUIRED FOR MAIL PURPOSES AND IN
MILES OF OPERATION, UNDER THE SPACE SYSTEM.

The space-basis system has resulted in marked economy in the amount of space in trains necessary and used for the transportation of the mails, and in the miles of operation necessary. This economy has inured to the benefit of the railroads by releasing to them a large amount of space in the trains for railroad purposes, and to the benefit of the department and the public in reducing the necessary expenditure for the transportation. Notwithstanding this reduction in expenditure the railroads are paid the full rates for every mile of operation of space devoted to the carriage of the mails.

Post Office Department Exhibit No. 15 shows these economies in amount of space required and in miles of operation, for each unit of space for mail purposes. The miles of service per annum is given for each unit as of November 1, 1916 (the date on which the service was stated on the space basis), and as of June 30, 1918, after the operating economies became effective in the mail transportation service.

The decrease in the miles of service for the respective units is shown to have been as follows: 60-foot railway

post-office cars, 20.85 per cent; 30-foot apartment railway post-office cars, 24.01 per cent; 60-foot storage cars, 22.71 per cent; 30-foot storage space, 34.11 per cent; 15-foot storage space, 25.25 per cent; 7-foot storage space, 9.82 per cent; 7-foot closed-pouch space, 3.5 per cent; and 3-foot closed-pouch space, 2.13 per cent. The 15-foot apartment railway post-office cars increased 11.11 per cent, and the 3-foot storage space increased 2.8 per cent. The net decrease for the total of all units was 12.61 per cent.

When the authorized miles of service for the respective units as of these two dates are equated to 60-foot car-miles, the result as to saving of space expressed in 60-foot car-miles is as follows:

	Per cent.
60-foot R. P. O. cars.....	20.85
30-foot apartment R. P. O. cars.....	24.01
60-foot storage cars.....	22.72
30-foot storage space.....	34.12
15-foot storage space.....	25.26
7-foot storage space.....	9.82
7-foot closed pouch space.....	3.50
3-foot closed pouch space.....	2.13
Net decrease for all.....	19.28

(There were increases in the 15-foot apartment car and the 3-foot storage space units.)

It is therefore shown that between November 1, 1916, and June 30, 1918, the operation of the space-basis system resulted in the requirement by the Post Office Department of 19.28 per cent less car space than was required to conduct the service under the old weight system.

SAVING TO THE GOVERNMENT IN AGGREGATE AMOUNT OF PAY TO THE RAILROADS.

The authorization and operation of the service on the space basis of pay resulted in material saving to the Government in the aggregate amount of pay to the railroads.

With the consent of the Commission and in accordance with the terms of the statute, the Postmaster General stated the major part of the service on the space basis of pay from November 1, 1916.

The maximum rates fixed by the statute for service on such basis resulted in higher aggregate pay to the companies generally than they were receiving under the terms

of the preceding statutes providing maximum rates based on weights with additional pay for full railway post-office cars.

On October 31, 1916, the aggregate annual rate of compensation under the old statutes (weight basis with additional pay for full railway post-office cars) was \$62,164,-305.30. (Post Office Department Exhibit No. 38.)

On November 1, 1916, the date from which the pay on the space basis became effective, the aggregate rate of annual pay was \$64,447,982.47. (Post Office Department Exhibit No. 4.) This was pay on the new basis for the service as it was stated and operated on October 31 under the old basis. The Department had not had the time or opportunity of restating the service so as to more properly conform to the new condition. The necessary survey of the service by the field officers in order to determine what changes in authorization and operation should be made in the interest of economy and public service was begun at once and continued up to the statistical period. During this time these necessary and desirable changes were made by authorizations of the Postmaster General, so that when the statistical period began, March 27, 1917, the aggregate rate of annual pay had become \$59,753,679.21. (Post Office Department Exhibit No. 5.)

Further readjustments of the service to the new conditions have resulted in further decreases in the aggregate annual rates of pay on the dates named below:

On June 30, 1917, \$57,177,396.02. (Post Office Dept. Exhibit No. 6.)

On March 31, 1918, \$52,909,489.45. (Post Office Dept. Exhibit No. 7.)

On June 30, 1918, \$52,182,052.27. (Post Office Dept. Exhibit No. 8.)

The above-named rates of annual pay were all at the maximum individual rates named in the statute. The reductions in the amounts of aggregate pay represent economies effected in the authorization and operation of the service under the new system, in accordance with the plans of the Department as represented by its officers to Congress and to the Commission and has been accomplished without

impairment of service and in the interest of the public. Reduced to tabular form, these annual rates of pay appear as follows:

	<i>Annual rate of pay.</i>	
Oct. 31, 1916.....		\$62, 164, 305. 30
Nov. 1, 1916.....		64, 447, 982. 47
Mar. 27, 1917.....		59, 753, 679. 21
June 30, 1917.....		57, 177, 396. 02
Mar. 31, 1918.....		52, 909, 489. 45
June 30, 1918.....		52, 182, 052. 27

THE ADMINISTRATION OF THE SERVICE UNDER THE SPACE-BASIS SYSTEM.

The administration of the space-basis system has been satisfactory from an operating standpoint, with respect to the transportation of the mails. It has been in keeping with the spirit of the plan and has been uniform throughout the country. (Abstract, etc., Mr. Knox, p. 103 *supra*.) The relations between the railroads and the officers of the postal service have been generally cooperative. (Abstract, etc., Mr. Gaines, p. 104, *supra*.) Certain changes have been suggested as the result of experience during the test period. (Abstract, etc., Mr. Knox, Mr. Gaines, pp. 105, 106, *supra*.) The Department has also set forth its proposed plan referred to hereinafter.

A comparison of cost of administration of the service under the weight-basis system and the space-basis system is favorable to the latter. The evidence shows that there is little difference in the cost of the supervision of the service in the Department and in the field, while under the space-basis system the cost of quadrennial weighings has been eliminated, reference to which will be made hereinafter. (Abstract, etc., Mr. Stone, Mr. Corridon, pp. 107-111, *supra*.)

THE AUTHORIZATION OF SERVICE AND ADAPTATION OF OPERATION THERETO.

IN GENERAL.

The specific units of space authorized under the space-basis system are provided for by the statute of 1916. (Post Office Department Exhibit No. 1 and Appendix C.) The regulations and the instructions governing the same are included in said exhibit.

The general manner of making the regular authorizations is detailed in the testimony included in the Abstract of Evidence—Authorization of service, etc., pp. 111-125, *supra*.

Space authorizations are controlled by the Post Office Department and are made to meet the needs of the service; regular authorizations are made upon recommendations originating with the field officers which reach the Department through the channels of the Railway Mail Service and are finally acted upon by the Division of Railway Adjustments and approved by the Second Assistant Postmaster General.

Operating conditions, so far as the Railway Mail Service needs are concerned, govern these recommendations. With respect to the changes in the car units from 60 to 30 feet or from 30 feet to 15 feet in space, these are made only at divisional points, and such divisional points are defined in the instructions in Post Office Department Exhibit No. 1, pages 43 and 44, paragraphs 20, 21, 22, and 23. With respect to these divisional points the Department does not dictate to the railroads concerning the operation of their trains, but selects certain physical facts as the basis upon which an order will be made authorizing a change in car unit. These physical facts are set forth in the instructions referred to.

The railroads have found it convenient in some cases to operate beyond the divisional points larger-sized units than those authorized, and the reasons for doing so are discussed in the testimony set forth in the Abstract of Evidence under various headings. There are distinct advantages to the railroads in some cases from such operation, as for instance, where destination loads are placed in several cars by the railroad in lieu of one load in one car, which is fully explained by Mr. Gaines for the Department (Abstract of Evidence, pp. 119, 120, *supra*). However, whatever may have been the practice of the railroads in operating the larger-sized cars under authorizations which are reduced at the divisional points, such operation has not been typical of conditions in all territory throughout the country. The evidence shows conclusively and with practically no controversy that the operation of cars by the railroads during

the test period was the same as their operation under the weight-basis system. That is to say, wherever and under whatever conditions the railroads continued the operation of larger-sized cars than authorized, or operated them over distances unauthorized or upon days unauthorized, such operation was identical with the manner in which the railroads operated the same cars under the weight-basis system which preceded the inauguration of the space-basis. (Abstract of Evidence—Authorization of service, etc., pp. 120-122, *supra*.)

RAILWAY POST-OFFICE CAR UNITS.

The statute of 1916 under which the space-basis authorizations are made provides for railway post-office service in full railway post-office cars of a standard size of 60 feet in length and in standard-sized apartments of 15 and 30 feet in length in cars. The manner in and the conditions under which authorizations are made for railway post-office cars are described in detail by witnesses Knox, Brauer, and Gaines for the Department. The conditions of the service are under constant observation of the field officers, and the necessities for the distribution of mails en route or for increases in the space in which mails are so distributed are considered and reported upon with recommendation. These reach the Department and are acted upon, the orders duly made and the railroads concerned notified. When emergency authorizations on a train exceed a certain number in a given period they are superseded by regular authorizations.

All authorizations for distributing space in railway post-office cars are made for both directions at the maximum rate of compensation. The relative importance of the service performed in the 60-foot full railway post-office cars, the 30-foot apartment railway post-office cars, and the 15-foot apartment railway post-office cars (the distributing cars) is set forth in Post Office Department Exhibit No. 5, Digest, etc., page 52, *supra*, and further noted on pages 598-602, *supra*. (Abstract of Evidence—Railway post-office cars, pp. 125-130, *supra*.)

STORAGE-CAR UNITS.

The act of 1916 provides for authorization of storage-car mail service in standard-sized cars of 60 feet in length. The manner of and the conditions under which authorizations are made for storage-car units are described in detail by witnesses Knox and Gaines for the Department. The service in full storage cars is the transportation of mails made up in sacks and pouches and generally carried through for some distance. No mails are distributed in such cars. Payment is authorized for the movement of the car in both directions, which includes in many cases the empty return movement, unless the railroad makes use of the car in such direction.

Changes are made in authorizations only at divisional points. If the railroad sees fit to operate the car a greater distance for reasons of its own, the Department does not object, but pays for the operation only as authorized. (Abstract of Evidence—Storage car units, pp. 130–132, *supra*.)

CLOSED-POUCH AND STORAGE-SPACE UNITS.

The act of 1916 provides for authorizations of closed-pouch mail service in units of 7 feet and 3 feet in length, and for storage space in units of 3 feet, 7 feet, 15 feet, and 30 feet in length. The manner in and the conditions under which authorizations are made for closed-pouch and storage-space units are described in detail by witnesses Knox, Brauer, and Gaines, for the Department.

The basis for determining the linear feet of space to be authorized to accommodate closed-pouch mails and storage-space mails in less than carloads, is a count of sacks, considering 15 sacks of mail as equivalent to 1 linear foot, both sides of the car, and 3 packages, 3 empty sacks, or 3 registered cases outside of a sack, as equivalent to 1 sack. This equation was reached after extensive tests by officers of the Railway Mail Service in different parts of the country and throughout the service, from which it was found that this average furnished a fair measure of the space

occupied. That such average was liberal to the railroads was shown by the subsequent test, the results of which are set forth in Post Office Department Exhibit No. 61. These tests were made on a large number of representative railway post-office lines and show that an average of 50.69 sacks could be piled in 3-foot units of space and an average of 116.43 sacks could be piled in the 7-foot units. However, the test with respect to the number of pieces that could be placed in a sack showed that the original estimate was slightly too high.

Considerable testimony was submitted at the hearing as to whether it is practicable to accurately authorize space on the basis of the count of sacks. The witnesses for the Department showed conclusively that it is entirely practicable to handle closed-pouch mails in the units authorized by the Department, and that where the mails are actually carried in a greater floor space of a car it is for the convenience of the railroads and not necessary for the conduct of the service. In the actual performance of the service it is customary for the railroads to place the closed pouches in a convenient position on the floor of the car, and to handle them substantially as they handle baggage matter or express matter when carried under similar conditions. If the railroads desire to set off the space by removable stanchions it would be entirely agreeable to the Department. However, it has been shown by the Department's witnesses that, upon the average, the authorization of space is more than adequate for the purpose, and under these circumstances the method of ascertaining the needed space appears to be free from valid criticism.

When, during the test period, the railroads operated oversize cars (that is, full railway post office cars of a greater size than the authorized unit, or apartments of greater length than the authorized unit), and storage-space authorizations were made in addition to the space necessary for the distribution of the mails, such storage or closed-pouch mails were often carried in the oversize cars so operated. In this manner much of the excess space operated by the railroads during the test

period in connection with authorizations of distribution space was utilized for the carriage of closed-pouch and storage mails. (Abstract of Evidence—Closed-pouch and Storage-space, pp. 132-137, *supra*.)

EMERGENCY-SPACE UNITS.

Specific description of emergency-space units is not found in the language of the act of 1916. It is a service which is implied, and the means of taking care of it, authorizing it, and paying for it was provided for by administrative action. The emergency authorizations are designed to meet emergencies, as the term implies, and may be made for all units of space, including the full storage car. Full railway post-office cars or apartment cars are not authorized as emergency units, except in rare instances. Emergency authorizations are made to cover the transportation of mails which can not be cared for in regular authorizations, and the purpose of the Department in making such authorizations is to provide a method by which the railroads may be paid for this class of service, as well as for the regular authorizations, in order that no service rendered shall be performed without appropriate compensation.

The method and conditions under which such authorizations are made are described by witnesses Knox, Stone, Corridon, Brauer, and Gaines, for the Department.

When mails are offered in excess of the amount that can be carried in the regular authorizations they are accepted by the employees of the railroad, if there be sufficient room in the consist of the train, and the space allotted to them upon which payment is made is determined by a count of the sacks on the same basis as applies to regular closed-pouch and storage-space units. Where emergency mails must be dispatched and there is no room in the consist of the train, a full car is ordered and paid for if the importance and quantity of the mails warrants it. In regular authorizations the railroads are expected and required to provide such space as may be necessary for the

transportation of the mails regularly, but space for emergency authorizations, less than full cars, is never required of the railroads unless the requisite space can be found in the regular consist of the train.

The method of authorizing the emergency space differs slightly from that which is followed in the authorization of regular closed-pouch and storage units; that is, in the former case the units of space, 3 and 7 feet, may be combined, so as to furnish a gradation of 1 foot in the authorizations in any case if necessary to measure the amount of service rendered. This is in accordance with an opinion of the Solicitor for the Post Office Department as to the proper construction of the law of 1916 and referred to in the testimony. In the case of regular authorizations such combinations have not been made, the authorizations being confined to the units severally named in the statute.

The Railroads criticized the authorization of emergency units by these combinations of 3, 7, 15, and 30 feet, but it was shown by the Department's witnesses, first, that no space in the trains was required or used for this purpose excepting space which the railroads were running in the usual consist of their trains and which presumably would not have been otherwise utilized; second, that the method was a device to accurately measure the service actually rendered by the railroads in order that they might be exactly paid for the same; and, third, that under the weight-basis system the additional services would have been rendered without any additional compensation whatever, unless they were rendered during a weighing period. In such case the pay which the railroads would have received would have been ascertained by taking the weights of the mails on and off at the several stations, which would have been a method of ascertaining the extent of service performed under the weight-basis system similar to the combination of these units under the space-basis system in such a manner as to increase or decrease the authorizations by the foot. (Abstract of Evidence—Emergency-Space Units, pp. 137-148, *supra*.)

COUNT OF SACKS AND THE PRACTICABLE ALTERNATIVE.

As hereinbefore stated, the method of ascertaining the space to be authorized for closed-pouch and storage-space units is by count of sacks and the translation of such count into an equivalency of linear feet. The views of the Department's witnesses upon this subject are expressed by Witnesses Stone, Gaines, Knox, and Brauer, and are set forth in the Abstract of Evidence. The railroads submitted considerable amount of testimony in criticism of the theory of authorizing space on this basis. The troubles in connection with the count of mail sacks were, according to the Department's witnesses, greatly magnified, and disputes over such counts in the actual performance of the service are not a serious matter. Witness Searle for the Railroads on cross-examination stated that if the Commission shall find that the count is the proper measure of the space such finding will probably eliminate all controversy in regard to it.

The Department's witnesses testified that if some plan could be devised that would do approximate justice to the Railroads and to the Department and eliminate the count of sacks it would be a desirable alternative. The Department's proposed plan referred to hereinafter accomplishes this as far as it appears to be practicable.

One practicable alternative of such count is the separation of the unit spaces of 3 and 7 feet by movable stanchions. The testimony shows that this is entirely practicable, and that while the Department does not insist upon it or recommend it, nevertheless, if the Railroads desire to operate the service in that manner, there will be no objection thereto. (Abstract of Evidence—Count of Sacks and Practicable Alternative, pp. 148-154, *supra*.)

CARS FOR RAILWAY POST-OFFICE PURPOSES SAME UNDER WEIGHT AND SPACE SYSTEMS.

A great deal of the controversy in this case arises over the effect upon the space statistics and therefore upon the estimated cost or revenue per unit of service, of the operation by the railroads of cars of greater length than those

authorized by the Department. One of the main objects of the space-basis system is to authorize the space necessary for the mail service in such units as to not require of the Railroads any unnecessary space or equipment and to limit the payment for transportation facilities to only such facilities as are actually necessary for the purposes. To this end Congress, by the act of 1916, prescribed certain car units, the same being 60 feet for full railway post-office cars and full storage cars and 30 feet and 15 feet for railway post-office apartments in cars.

Following the passage of the act it became necessary, in pursuance of its intent and provisions, to inaugurate the space-basis system and during the test period to collect such statistical data with reference to the operation of space as would enable the Department to show the advantages or disadvantages of the system as compared with the weight-basis system, and the Commission to determine the relative merits of the two systems as a method of gauging railroad mail pay.

It was not practicable before such test period for the Railroads to transform their car equipment into the several unit sizes prescribed in the statute, nor was it expected they would do so. It is shown by the evidence that the railroads did not so regard it as necessary and gave instructions to the operating companies that such changes should not be made pending the determination of the question by the Commission. The evidence also shows that the Department did not expect or require such a transformation of equipment during that period, and that the changes which actually occurred with reference to car equipment, as shown by Post Office Department Exhibit No. 3, were only such changes as would occur in the reconstruction of cars during normal periods.

The result was that when the service was changed on November 1, 1916, from a weight basis to a space basis the identical car equipment which the Railroads had operated under the old system was used by them in the performance of service under the new system. That was inevitable and could not have been avoided.

The result, however, was the opportunity given the Railroads to present to the Commission in this case statistics based upon the operation of space in excess of that required under such system for the carriage of the mails, and their insistence, in opposition to the contention of the Post Office Department, that the entire space, not only the space necessary and authorized but the surplus space in the oversize cars, should be charged entirely to the mails.

The testimony developed the additional fact which the Department insists has a bearing upon the case and should be given proper weight in determining the issues. This fact is that, under the weight-basis system, it was customary for the railroads to build and operate cars of greater length than those authorized by the Department to meet the needs of the service, and it therefore appears that, while the railroads are seeking to charge this excess space to the mails in this case where space is the gauge of pay, they were perfectly willing to operate the same excess space under the weight-basis system where they were being compensated on the basis of weight. It is insisted by the Department that this position is untenable and inconsistent; that if the railroads were willing to operate oversize cars under the weight-basis system for a standard and fixed rate of pay which was not influenced thereby, it is inconsistent for them to urge in this case that special consideration should be given to this same excess space and a rate of pay fixed upon the basis of its gratuitous operation. (Abstract of Evidence—Cars for Railway Post Office Purposes, Same under Weight and Space System, pp. 155-163, *supra*.)

OVERSIZE CARS A DISADVANTAGE TO THE MAIL SERVICE.

From the testimony of the Department's witnesses it further appears that the operation of oversize cars is not an advantage to the mail service. In fact in some cases it is a distinct disadvantage, as where a 60-foot railway post-office car is run for the convenience of the railroad company in satisfaction of a 30-foot apartment authorization in which one clerk is employed; this increases the work

of the clerk. It further appears that the excess distribution facilities in oversize cars are not used by the postal clerks. There is always ample distribution facilities in the space actually authorized, and it is no advantage to the service to have additional facilities for distribution, as the required facilities fully meet all the needs of the distribution scheme. (Abstract of Evidence—Oversize Cars a Disadvantage, etc., p. 164, *supra*.)

EXCESS IN OVERSIZE CARS USED MORE ADVANTAGEOUSLY FOR RAILROADS UNDER THE SPACE-BASIS SYSTEM THAN UNDER THE WEIGHT-BASIS SYSTEM.

If, however, oversize cars are to be operated by the Railroads in satisfaction of authorizations of lesser size under a space-basis system, or if that fact is to be given consideration in this investigation, then it appears that such operation, while no advantage to the Post Office Department, has inured to the advantage of the railroad companies. Prior to November 1, 1916, when the routes in question were placed upon a space basis, the excess space in oversize cars was not used to an appreciable extent for carrying storage mails. Under that system the mails were carried in baggage cars and were handled by railroad employees. Under the space-basis system such mails being carried in the oversize cars are handled by the postal employees and the railroad employees are relieved of such handling. The only advantage the Department derives from carrying them in that manner is the saving of the terminal charge. Such is covered by the terminal charge applying to the car unit. (Abstract of Evidence—Excess Space in Oversize Cars Used More Advantageously for Railroads, etc., pp. 165, 166, *supra*.)

RAILROADS SHOULD STANDARDIZE POSTAL CARS; CONVERTIBLE CARS.

The problems of the oversize and undersize cars should be met by a standardization of cars used for distributing purposes and full cars for storage mails. This is especially true under a space-basis system and would be equally

advantageous to the Railroads under the weight-basis system as conducive to a more economical operation. However, it might be that the Railroads would prefer for their own purposes to construct oversize cars to some extent in order to make them available for increases in length in case of growth of the service, as they have in the past. If such a practice could find warrant in the economies of operation considered solely from the railroad point of view, the excess space should not be charged against the Department as a consequence thereof. The Department has made provision for the ready conversion at slight expense of one size car unit into another. This has been especially covered in the testimony by Post Office Department Exhibit No. 89, Memorandum Relative to Convertible Cars. (Abstract of Evidence—Railroads Should Standardize Cars; Convertible Cars, pp. 166–168, *supra*.)

SPECIFIC ADVANTAGES OF THE SPACE-BASIS SYSTEM.

ONLY THE SERVICE SPECIFICALLY AUTHORIZED IS REQUIRED OF THE RAILROADS, AND ALL SERVICE AUTHORIZED AND PERFORMED IS PAID FOR.

The space-basis system provides a definite and certain manner of determining the amount of compensation due a carrying company for transporting the mails. No other plan other than a weighing day by day would do this and such a weighing is wholly impracticable. Only the service specifically authorized is required of the Railroads under the space-basis system. In this respect it differs materially from the weight-basis system. Under the latter the compensation having been fixed upon a statistical basis of weighing to continue for four years there was no special consideration given to the facilities required of the Railroads for the transportation of any mails that might be offered during the quadrennial term, aside from the inspection and review from time to time of the necessities for distribution space. Unnecessary dispatches of closed pouches were provided for under the

weight system because it did not take into consideration the element of frequency of service in the fixing of pay. The authorization of space for distribution purposes in apartment cars did not involve any additional or increased compensation to the Railroads for increased space or increased frequency and therefore there was no economic restraint upon the Department with respect to excessive requirements for such space.

Under the space-basis system the exact opposite of this is the rule. Both frequency and space are directly compensated for in the amount of pay allowed for the service.

The result of this is that under the space-basis system all service authorized and performed is paid for. The additional service performed by the Railroads is directly measured by the authorizations which cover every car-mile of operation, representing the elements of space and frequency, and such measurement carries with it the appropriate payment therefor. (Abstract of Evidence—Specific Advantages, etc., pp. 170, 172, 173, 174, 175, 181, *supra*.)

IT ENABLES A BETTER CONTROL OF DISPATCHES OF MAILS
AND A CLOSER SUPERVISION OF THE SERVICE.

The space-basis system necessitates a better control of dispatches of mails and a closer supervision of the service. This results from the fact that its successful operation and administration requires a more intimate knowledge and intelligent direction of the details of the service by those who are in direct charge of it. Under the weight-basis system no increases in the service meant increased compensation to the carriers, nor did decreases in the service mean saving to the Department. The compensation having been fixed and become static for four years there was no incentive on the part of the Department to control or direct the dispatches of the mails or to supervise the service in all the details in a manner most economical to the Department and the Railroads. The exact opposite of this is true under the space-basis system and gives rise to

the necessity for the better control and supervision, and the testimony of the witnesses for the Department is to the effect that this is the actual result in the service. (Abstract of Evidence—Specific Advantages, etc., pp. 169, 170, 187, *supra*.)

IT ENABLES A BETTER ADJUSTMENT OF SERVICE TO NEEDS
AND COST.

The space-basis system makes it possible for the Department to make adjustments and readjustments of the authorizations of service to correspond accurately to the service needs and also to a commensurate cost for the service furnished the patrons of the mails. It enables the Department not only to take into consideration the postal needs in making authorizations but the further question as to whether the Department is receiving service which is entirely commensurate with the expenditure involved. Under the weight-basis system this was impracticable because of conditions hereinbefore stated. (Abstract of Evidence—Specific Advantages, etc., p. 171, *supra*.)

IT ELIMINATES THE EXPENSE OF MAIL WEIGHINGS.

The space-basis system dispenses with the necessity for the periodic weighings of the mails on railroad mail routes and therefore eliminates the large expense involved therein. Such weighings are a necessity under any weight-basis system. It has long been contended by the Railroads that quadrennial weighings are too infrequent to furnish a proper basis for the adjustment of pay. The cost of even these infrequent weighings is very heavy. (Abstract of Evidence—Specific Advantages, etc., p. 193, *supra*.)

Post Office Department Exhibit No. 19 shows that the total cost of the last four quadrennial weighings, covering all the service, was \$1,088,619.49. As these weighings (except to cover the small weight routes) are unnecessary under the space-basis system, this amount is saved to the

public. The cost of the weighing on the routes still remaining on a weight basis in the fourth section was \$7,000. (Exhibit No. 19.) Estimating the other sections at the same ratio, the cost of four years' weighings on the weight routes will be approximately \$27,735.

IT CONSERVES CAR EQUIPMENT.

The space-basis system conserves car equipment to an extent impracticable under any other system. This is a necessary result as compensation is fixed upon car space as one of the two principal elements—space and frequency. Therefore, the economical administration of the service, which is a necessary result of a space-basis system under all the safeguards which surround the expenditure of public moneys under normal conditions, will result in the minimum requisitions upon the Railroads for car equipment. This has been strikingly illustrated in the experience under the space-basis system as shown by Post Office Department Exhibit No. 15. (Abstract of Evidence—Specific Advantages, etc., pp. 169, 177, 188, 189, *supra*.)

IT SATISFACTORILY COMPENSATES THE RAILROADS FOR UNUSUAL VARIATIONS IN THE VOLUME OF MAILS AND FOR ALL EMERGENCY MAILS.

The space-basis system not only provides for adequately compensating the Railroads for mails carried under regular and constant authorizations subject to review and restatement from time to time as the needs of the service may require, but it also provides a certain method of compensating them for all unusual variations in the volume of the mails, and for all usual fluctuations and emergency mails in excess of the usual volume.

Unusual variations may arise from any special causes which result in diversions of mails from their regular route, or from conditions which tend to produce increased volume of mails. The war conditions of the past three years, including the establishment of large camps and the dispatch of mails to the soldiers overseas, produced such

variations in the usual flow of the mails. Under the weight-basis system these fluctuations were not represented by any increases in pay to the Railroads upon whom the duty of transportation devolved, nor by decreases in pay where diversions occurred from the carrying lines.

Great floods which occur annually in some sections of the country completely suspending railroad traffic upon many lines and causing considerable diversions of mails to lines not affected, result in decreasing and sometimes entirely eliminating the service performed where authorized and devolving such performance upon other roads where such mails have not theretofore been carried. Such changes in the performance of service were inadequately met by the weight-basis system.

Emergency mails may represent in the main the gradual growth of the service as expressed in increased volume. This element was wholly uncompensated for under the weight-basis system until another weighing was had.

Under the space-basis system the opposite of this is true. All unusual variations in the volume of mails arising from whatever causes are directly and adequately cared for by the specific authorizations, and no mails are carried upon any road as a result of such variation without compensation at the rates authorized for regular service. (Abstract of Evidence—Specific Advantages, etc., pp. 176, 177, *supra*.)

IT ENABLES THE DEPARTMENT TO ADMINISTER THE SERVICE MORE ECONOMICALLY.

The space-basis system enables the Department to administer the service with greater economy than is possible under the weight-basis system.

It is possible under this system to effect a larger saving in car space than would be practicable under a weight-basis system, where no incentive exists for such economy.

It results in the consolidation of loads and thus releases space in storage cars, which turns back to the railroads many full storage cars for their use otherwise.

It has been possible under this system to provide for the transportation of post-office supplies, much empty mail equipment, and blue-tag mails (certain periodical matter) in space that has been authorized and paid for, but in which no mails would be otherwise carried upon the return movements of the cars. Under the weight-basis system such supplies, empty equipment, and blue-tag mails were transported in fast freight trains and paid for at regular freight rates. By utilizing the space that is already paid for under the space-basis system the Department saves the expenditure which would otherwise be made for freight and the railroads have turned back to them by the Department the space in their freight trains which would be otherwise used for such transportation.

Under the weight-basis system blue-tag mails (certain mail matter of the second class transported under the weight-basis system in fast freight trains), empty mail bags, stamped paper, and postal cards (supplies for the public) were shipped between certain points by freight and their transportation paid for at regular freight rates. These shipments of blue-tag mails mostly moved in one general direction from the east toward the west and southwest. For the empty equipment the movement was generally the reverse of the general movement of the mails. The result was that the same amount of space was not needed nor used in both general directions for the movement of the mails, and considerable space occupied for mail purposes in one direction was returned in the opposite direction empty.

With the inauguration of the space-basis system under which space in distributing and storage cars used in the one direction is paid for in the opposite direction, it was possible to divert these blue-tag mails, empty equipment and supplies from the freight cars and dispatch them in the mail-car space which would otherwise return empty.

This resulted in economies to both the railroads and the Department. It released freight cars and freight space to the railroads for railroad purposes, and saved to the Department the freight charges paid when the matter moved in freight trains.

Post Office Department Exhibit No. 14 shows that during the two-year period ended October 31, 1918, 9,100 cars of this matter, weighing 227,417,144 pounds, were carried in otherwise empty storage cars without additional cost (the movement in both directions being paid for to the railroads under the space-basis system).

The estimated cost of this transportation by freight was \$1,327,933.78, which was saved to the Department. This was an actual saving to the Department because this amount would have been paid in freight charges if the articles had been carried in freight cars, and no additional cost was involved when carried in the empty storage cars, as their movement would have been paid for if returned empty.

The transportation of mail equipment in this manner results in a further advantage to the Department, in that it is released from transit at an earlier date than when transported by freight and is ready again for inclosing mails for transportation. This means that less mail equipment must be provided by the Department to handle the mails than would otherwise be necessary.

Under the space-basis system a less number of postal clerks are necessary to man the railway post-office lines than would be otherwise required. This results from the fact that the distribution of mails of some classes is made in terminal railway post-offices instead of in the cars, without detriment to the service. (Abstract of Evidence—Specific Advantages, etc., pp. 184, 185, 186, 187, 192, 193, 194, *supra*.)

IT HARMONIZES WITH THE FULLER USE OF THE TERMINAL
RAILWAY POST-OFFICES.

The space-basis system has made it advantageous to develop to a greater extent the terminal railway post-offices. These are postal institutions situated at large centers of distribution, and in which certain classes of mails are distributed and placed in sacks and labeled for proper destinations before delivery to the railroads for transporta-

tion. The terminal railway post-offices were in existence before the space-basis system was instituted, but their fuller use has enabled a more economical authorization of distributing space in the railway post-office cars. (Abstract of Evidence—Specific Advantages, etc. pp. 189, 190, *supra.*)

IT WILL STANDARDIZE CAR UNITS FOR THE MAILS AND GIVE
RISE TO OTHER ADVANTAGES.

If the space-basis system of payment shall be authorized, it will tend to standardize car units used for the transportation of the mails, which will be a distinct advantage to the mail service and to the Railroads.

Other advantages have been apparent, such as offering greater incentive to the Railroads to furnish cars under such a system than under the weight-basis system for the reason that Railroads understand that all facilities furnished will be directly paid for.

Under such system the Railroads have an incentive to make and maintain good mail schedules. This was not true under the weight-basis system.

Under such system there is a greater degree of cooperation between the Railroads and the Department in effecting readjustments of service.

Under such a system more storage mails are handled in the mail distributing cars than were so handled under the weight-basis system, thus relieving the railroad employees of such duty.

Under this system there has been a much closer supervision of the service by employees of the Railway Mail Service than was the case under the weight-basis system. This has had the effect not only of securing better and more economical service, but the responsibility thus devolved upon the field force has had a beneficial effect on the personnel. (Abstract of Evidence—Specific Advantages, etc., pp. 179, 180, 183, 184, 190, 191, 192, 194, 195, 196, *supra.*)

IT RECOGNIZES FREQUENCY OF SERVICE, WHICH WAS ENTIRELY IGNORED BY THE WEIGHT-BASIS SYSTEM.

Under the space-basis system the element of frequency of service is given its proper weight and value in stating the pay for the service performed. This feature was entirely ignored in the weight-basis system so far as compensation based upon weight was concerned, and was only partially recognized in the payment for full railway post-office cars, the rate for the same being based upon a round trip a day. The space-basis system takes into account the frequency of service performed by every unit of space authorized, the pay being based upon the actual miles of travel. Reference will be made again hereinafter to this feature. (Abstract of Evidence—Specific Advantages, etc., p. 180, *supra*.)

SPACE-BASIS SYSTEM PRACTICABLE, EQUITABLE, AND SATISFACTORY.

The witnesses for the Post Office Department established the fact that the space-basis system is entirely practicable, and the evidence shows that it is equitable. Suggestions were made with respect to certain modifications in the plan and its application, and testimony was submitted to the effect that with such changes there would be no difficulties in its administration. Witnesses for the Railroads testified that with respect to the administration the controversies presented in the testimony relate to differences of opinion as to whether the Post Office Department orders conform to reasonably efficient train operation, but that such differences of opinion are minor matters that will undoubtedly be straightened out; and that if the Commission decides that the space-basis system in some form should be continued it would be entirely practicable for a common basis of operation to be determined upon between the Railroads and the Department under the advice of the Interstate Commerce Commission. Railroad witnesses further testified that

if the space-basis could be made a fair measure of value the Railroads' chief objection would be removed. So far as the Department is concerned the testimony of its witnesses shows that the system is entirely satisfactory to the Department.

It may be noted here that before the passage of the act of 1916, and in the representations made before the congressional joint commission hearing testimony previous to reporting the space-basis bill, the railroad representatives expressed opposition to any space-basis system because of the apprehension that there would be great diversions of express and freight to the parcel post mails. The testimony in this hearing shows, however, that that fear has not been realized. (Abstract of Evidence—Specific Advantages, etc., p. 178; Space-Basis System Practicable, etc., pp. 197, 198–203, *supra*.)

OPERATION OF SERVICE SUBSTANTIALLY THE SAME ON
NOVEMBER 1, 1916, UNDER SPACE-BASIS SYSTEM AS
THERETOFORE UNDER WEIGHT-BASIS SYSTEM.

Hereinbefore it has been noted that under the authorizations of service under the space-basis system the same cars were used for service by the Railroads as had been in operation under the weight-basis system. The result was that on November 1, 1916, when the space-basis system became effective, the cars in operation included all the surplus space in the cars (oversize cars) which had been in use under the weight-basis system.

In accordance with the purpose of the act of 1916 authorizing the space-basis system, the Department began as soon as practicable after November 1, 1916, to restate the service on the basis of the space actually needed for the mails. This resulted in reductions in authorizations. The effect of these orders in the reduction in space and consequently in pay to the Railroads have been stated in the Post Office Department exhibits and have been referred to hereinbefore. (Abstract of Evidence—Operation of Service Substantially the Same on Nov. 1, 1916, etc., pp. 204, 205, *supra*.)

PAYMENTS UNDER SPACE-BASIS SYSTEM.

Payments to the Railroads for the performance of service under the space-basis system are made promptly. As a rule certification is made to the auditor of approximately 100 per cent of the service as represented by the statements upon the books of the Department on the 25th of each month. Upon this certification the accounts are audited and the checks mailed promptly to the Railroads. All this is done in advance of the receipt of the affidavits of performance of service furnished by the Railroads. The final adjustments are made upon receipt of such affidavits. If the 100 per cent has been too much, a readjustment is made by a suitable deduction in the following month. The purpose of this method is to insure prompt payment to the Railroads for all service performed. This covers all service, excepting emergency service, which, during the statistical period, amounted to about 2.81 per cent of the aggregate pay. Adjustments for this service are made upon the affidavits of performance of service, and under the circumstances can not be made as promptly as adjustments for the regularly authorized service.

It is interesting to note that approximately 90 per cent of the payments made to the Railroads represent service stated and paid for in both directions, and that approximately 50 per cent of emergency space is paid for in both directions.

Payments made for emergency service represent the thoroughness with which the administration of the space basis has been adapted to a plan insuring payment for all services rendered. It might be said that a weight-basis system could approximate a fair average compensation for the service; but, nevertheless, it would never equal the exactness with which a space-basis system insures complete payment for all service regularly authorized. The space-basis system has the additional advantage of insuring exact pay for all the fluctuations of the mails which are uncared for by the regular authorizations, and this is done by payments for emergency service. (Abstract of Evidence—Payments under Space-Basis System, pp. 205-210, *supra*.)

SOME FEATURES OF RAILROADS' PERFORMANCE OF MAIL SERVICE.

The Railroads presented testimony for the purpose of showing onerous conditions with respect to handling mails at night at local railroad stations, the stopping of trains for parcel post, and the piling of mail in closed-pouch units.

The Department's testimony showed that these conditions are not exacting or burdensome and that the Department cooperates with the Railroads in such a manner as to facilitate the exchange of mails with the least inconvenience to the companies. The Railroads are allowed to maintain boxes at stations in which the trainmen may place the mails or take the mails from them when trains pass at night. Under certain circumstances arrangements are made for carrying the mails past stations during the night and returning them upon day trains, in order that they may be handled by the day stationmen.

With respect to the practice of piling mails in closed-pouch units, the testimony shows that such mails may be piled in the space allotted, as a general rule, without serious inconvenience to the trainmen in the matter of delivering them at the stations. It is shown that railway postal clerks handle the pouches which are piled in the distributing cars in space as restricted as the authorized units of space in baggage cars, in the same manner as would be required of the trainmen if they chose to pile the pouches in the baggage car in the authorized space, and without difficulty. The testimony shows, however, that, for the convenience of the trainmen themselves, the pouches are often scattered over the floor of the baggage car, piled on the baggage or with express matter and handled as baggage and express are handled. (Abstract of Evidence—Some Features of Railroads' Performance, etc., pp. 210-216, *supra*.)

RAILROAD MAIL SERVICE CONSIDERED DESIRABLE BY THE RAILROADS.

The testimony shows that the Railroads have generally considered the establishment and maintenance of railroad mail service on their lines as desirable. As a general rule railroads have been anxious to have mail service authorized over their lines, and when new pieces of track have been constructed and are ready for operation, immediate applications for mail service over the same have been received by the Department. (Abstract of Evidence—Railroad Mail Service Considered Desirable, etc., p. 220, *supra*.)

SERVICE REQUIREMENTS AND CONDITIONS.

RAILWAY POST-OFFICE CAR SERVICE.

The Department's witnesses have described in detail the character of the cars furnished, the manner of their equipment for the distribution of mails, and the services performed by the railway postal clerks in the distribution and handling of mails in this class of cars.

These cars are what are known as distributing cars—that is, they are constructed and fitted up suitably for the distribution of the mails en route. They are traveling post offices. Under the provisions of the statute of 1916 they are of three prescribed units, the 60-foot full car, the 30-foot apartment, and the 15-foot apartment.

All services in full railway post-office cars, with the exception in some instances of the piling of mail at the initial point or delivery at the terminal point, are performed by railway postal clerks. These services consist in the receipt, distribution, and delivery of mails in transit between termini. All classes of mail are handled and distributed by the clerks, but parcel post and circular mails are not distributed to any great extent in such cars. Such mails are generally made up in railway post-office terminals and the sacks and pouches containing same are carried through intact. The working mails received in bulk in pouches and sacks are opened and the contents separated and dis-

tributed by the clerks to smaller units for delivery to post offices located on the line, to other post offices, or to connecting railway post-office lines.

In the distributing cars mails for distribution en route, registered mail, and made-up mails for local deliveries along the line, are generally stored.

The service in the apartment cars is practically the same as the service in the full cars.

Special reference is made to the detailed evidence of the Department's witnesses hereinbefore. (Abstract of Evidence—Service Requirements, etc., pp. 221–228, *supra*.)

STORAGE-CAR AND STORAGE-SPACE SERVICE.

The Department's witnesses have described in detail the storage-car services rendered in connection with the transportation and handling of made-up mails in bulk. It is service that may be performed either in a car fitted up with movable stanchions providing for a number of stalls or compartments or in an ordinary baggage or express car not provided with stalls or special facilities for making separations. The cars so used are built and furnished by the railroad companies, and, as a rule, the Department has not exercised supervision or control over their construction and accepts any cars offered by the Railroads which meet the needs of transportation. They are operated over comparatively few lines, and those are generally transcontinental or other lines where there is a heavy movement of through mails.

Full storage cars are loaded by railroad employees at the initial point and unloaded at the terminal point by such employees under the supervision of railway postal clerks or transfer clerks. The handling of mails in these storage cars en route, however, is generally performed by railway postal clerks.

The mails in the full storage cars, excepting those loaded to go through to the outward terminal, are loaded at the initial terminal in such a manner as to facilitate the unloading en route. At local stations and junction points postal clerks enter the cars and deliver the mails to the

railroad employees on the station platform. The service in storage space (that is, storage space less than full car) is practically the same class of service as in the full storage car. It is performed in units of less than 60 feet. It consists in the handling of made-up mails in part of a baggage or express car, the remainder of the car being devoted to one or both of those services. Storage-space units are usually, though not always, operated in connection with full railway post-office car or apartment-car service, and carry the made-up mails which require no distribution en route, and in some cases carry mails for distribution which may be transferred from the baggage car to the postal car in transit.

Mails carried in 3, 7, and 15 foot storage units are carried in such manner in the car as may suit the convenience of the railroad and its employees; that is, the Department does not require that they shall be stacked up and confined to any prescribed limits, it being no concern of the Department how the mails shall be carried, provided it does not entail uneconomical administration of the service.

The railroad employees separate the pouches upon the floor of the baggage car in such a manner as to facilitate their delivery at the stations. As a rule this does not require any greater knowledge upon the part of the trainmen than is required to handle express matter.

Reference is had to the detailed description of this service by the Department's witnesses. (Abstract of Evidence—Storage-Car and Storage-Space Service, pp. 228-241, *supra*.)

CLOSED-POUCH SERVICE.

The Department's witnesses have described in detail the services performed in connection with the carriage of closed-pouch mails.

Closed-pouch service is the transportation and handling of made-up mails in baggage cars on trains upon which no full or apartment railway post-office cars are authorized. This service is in the hands of the railroads' employees, who load, handle, and deliver the mails. The mails are of

all classes, letter pouches, paper sacks, parcel-post packages, and sometimes registered mail. The units of service authorized are 7 feet and 3 feet, both sides of the car.

The service required of baggagemen in handling closed pouches is not complicated and it does not require expert knowledge. Such services consist in piling the pouches upon the floor or with baggage and express matter in convenient shape for delivery at the stations en route. There is cooperation whenever possible by the railway postal clerks and transfer clerks, who give needful assistance to baggagemen in this work. The knowledge required by baggagemen for these duties is no greater than that necessary for the handling of express, and the mails are handled in much the same manner as baggage and express are handled in the same cars.

There is no difference between the manner in which the baggagemen are required to handle closed pouches and storage mails under the space-basis system and under the weight-basis system. The practice is identically the same.

Special reference is made to the testimony of the Department's witnesses. (Abstract of Evidence—Service Requirements, etc., pp. 241–252, *supra*.)

TRANSFER CLERKS SUPERVISE DISPATCH OF MAILS.

Special provisions are made by the Department for assisting railroad employees in the handling of mails received at large terminals for dispatch by train. Instances of such are found at points where the large mail-order houses have established depots or department plants and make up large quantities of merchandise for delivery to the postal service. The Department maintains corps of clerks at such plants for the purpose of distributing the mails, and the mails come to the stations in large vans for the various dispatches. The Department maintains transfer clerks on the station platforms. When the trucks arrive with the mails, they are handled under the direct supervision and active assistance of these transfer clerks. (Abstract of Evidence—Service Requirements, etc., pp. 252–253, *supra*.)

LOADING AND UNLOADING OF MAILS.

Mails received into a railway post-office car are generally loaded into the car by the railway postal clerks. Those received into the full storage and baggage cars are handled by the railroad employees. The piling of the mails in 60-foot storage cars is done by the railroad employees, but generally supervised by the railway mail clerks. The unloading of the storage cars is done on some roads by railroad employees and on other roads the unloading at local stations en route is done by railway postal clerks, who also load the mails into the storage cars under the same conditions. (Abstract of Evidence—Service Requirements, etc., pp. 253-255, *supra*.)

SIDE AND TERMINAL MESSENGER SERVICE.

The Post Office Department maintains contract service known as screen-wagon service and mail-messenger service for the carriage of the mails between railroad stations and post offices. There are about 8,600 offices at which mail-messenger service is so employed. Where such service is maintained by the Department it relieves the railroads entirely from handling the mails between stations and post offices and from making transfers between the railroad stations. This service, together with Government owned and operated automobile and wagon service in cities, carries 90 per cent of all the mails transported between railroad stations and post offices.

At the 55 largest offices in the United States producing \$195,000,000 revenue in a total postal revenue of \$344,000,000, the Post Office Department takes entire care of the transportation of the mails between the railroad stations and the post offices. In addition to this the Department maintains screen-wagon service at 208 of the next larger offices, which produce \$50,000,000 of the gross receipts. In addition to these the Department handles all the mails between the depots and the post offices at about 8,600 other points.

Under certain conditions set forth in the Postal Laws and Regulations (Post Office Department Exhibit No. 1, sec. 1346), railroad companies are required to carry the mails between stations and post offices on their lines at other points than those above indicated. The mails involved are about 10 per cent of the total volume of mails transported. This practice is of long standing. Under the old contract star route and steamboat systems the contractor was required to deliver the mails into the post offices and take them from post offices along their routes or within 80 rods of their landings. As the railroad service superseded these old forms of contract service the conditions existing under such forms were continued under the railroad contracts.

There has been much discussion as to whether the Railroads should be required to continue the performance of this side and terminal messenger service. The service required upon one route may differ materially from that required upon another in proportion to the amount of compensation allowed for the entire service of transportation. Upon some of the smaller routes the proportion of expense paid out for this service by Railroads to employees or contractors has been so large that the Department has relieved the roads of such duty and assumed the performance itself. In the Post Office Department plan hereinafter referred to there is a suggestion made which will relieve the companies of any inequitable financial burden in connection with the performance of this service where the service is required by the Postmaster General. (Abstract of Evidence—Service Requirements, etc., pp. 255–265, *supra*.)

SPACE STATISTICS.

In the preceding pages specific reference has been made under the several headings to the fact that under the space-basis system the Railroads constructed and operated cars of larger size than were required by the Post Office Department for the needs of the service; and that when the routes were stated upon the space basis on November 1, 1916, the same cars that the Railroads had so constructed

and operated under the weight-basis system were necessarily used by them in the performance of service under the new system. It also appears in evidence that there was no purpose at any time, upon the part of the Railroads or the Department, to force an immediate and radical change in the construction or size of the cars in use during the test period, including the statistical period of March 27 to April 30, 1917, when statistics as to weights and space and operation of space and statistics as to revenues and expenses were taken for the purposes of this inquiry. It further appears from the evidence that under the weight-basis system the Railroads had followed the custom of operating their cars beyond the points of authorized distances in many cases, and also of operating cars of larger size to fill authorizations of cars of lesser lengths. It appears from the evidence that these operations by the Railroads under the weight-basis system were voluntary on their part and were made without any purpose of assessing a special charge against the mails therefor, the payment for service being based entirely at that time upon the weights of mails carried with additional pay for certain railway post-office car movements.

It is further established by the evidence that after the space basis was inaugurated and during the test period, the Railroads continued the operation of these oversize cars, and continued the excessive operation of cars beyond authorized distances, as above described; and that when they made their reports of train and space operation during the statistical period they reported the operation of the space authorized by the Post Office Department as needed for the performance of the service, and in addition thereto they reported and claimed in connection with the mails all excess space in cars and excess operation of cars above mentioned.

These facts give rise to the main contention between the Post Office Department and the Railroads, aside from the question of what should be a reasonable rate for the services performed. The purpose of the statistical inquiry was to secure a basis for apportioning expenses of operation and other expenses which could not be directly allocated,

such apportionment to be upon the basis of the ratio of space devoted to the several services performed in passenger trains. It follows, of course, that if the Railroads shall be allowed to charge against the mails all this excess space and excess and unauthorized operation, the proportion of expenses chargeable to the mails in an estimated cost ascertainment will be much larger than the proportion of expenses chargeable upon the basis of the space authorized by the Department and the operation of space in accordance with said authorization.

In the following pages under this subdivision there will be made a detailed statement of the manner in and the circumstances under which the Railroads have made these excessive charges against the mails. There will also be shown the method pursued by the Post Office Department. It is confidently believed that the recitation of facts will be the sufficient condemnation of the Railroads' theory and the justification of the Department's method.

INSTRUCTIONS CONCERNING REPORTS OF CERTAIN OPERATIONS OF SPACE.

For the purpose of securing the statistical data with respect to space and the operation of space in passenger trains, in order that the proper ratio of space operation for each class of service performed in the passenger trains might be ascertained, the representatives of the Post Office Department and the representatives of the Railroads collaborated in the preparation of appropriate forms and instructions designed to elicit from the Railroads all the necessary information with respect to the operation of their passenger trains during the statistical period, March 27 to April 30, 1917. This statistical period was agreed upon by all the parties concerned. These arrangements were also made known to the representative of the Interstate Commerce Commission and received his approval.

Copies of the forms prepared by the Department and the instructions accompanying said forms are included in Post Office Department Exhibit No. 27.

These forms provide for the reporting of all space operated in passenger trains, classified according to the use to which the space was devoted; that is, all space used for passenger purposes was so reported and all space for baggage was so reported, and it was the purpose that all space operated for express purposes should be so reported and all space operated for mails should be so reported. In preparing the forms, however, the representatives of the railroads insisted that they should be prepared in such a manner as to enable the notation thereon of excess, unauthorized, and unused space claimed to be operated by the Railroads in connection with the mail service. The Post Office Department representatives acquiesced in this for statistical purposes only, agreeing that the reports might show such details, but only for the purposes of statistics, and denying that such excess, unauthorized, and unused space claims could be properly charged against the mail service. At the same time the reservation was made by the Railroads to present such claim in this hearing. (Abstract of Evidence—Space Statistics—Instructions Concerning Reports, etc., pp. 266-269, *supra*.)

AUTHORIZATIONS OF SPACE A BETTER GUIDE TO SPACE USED THAN MEASUREMENTS BY RAILROAD EMPLOYEES.

In the preparation of the instructions the Railroads desired that, with respect to closed-pouch and storage mails carried in baggage cars the full space actually occupied by such mails should be measured by the railroad employees and so reported as mail-space operation.

The Department could not agree to this method, because in principle it was believed to be wrong as disregarding the authorized space in which the mails could actually be carried if the railroads so desired it; and, further, because it was unwise and unsafe to depend upon the opinions of railroad employees in the cars and upon reports of floor space covered by mails without regard to the space in which they could economically be piled and carried. Furthermore, the mail authorizations fully measured the

space that should be occupied by the mails, and this conclusion has proven to be correct; for the statistics taken upon representative lines throughout the country, hereinbefore referred to, show that the number of sacks determined upon and used by the Department as the measure of space for such mails was very liberal to the Railroads.

However, if this contention of the Railroads had been acceded to it would not have removed the further cause for controversy as to the unauthorized and unused operation over mileage where the mails were not carried, and as to return movements. (Abstract of Evidence—Space Statistics—Authorizations of Space a Better Guide, etc., pp. 269–272, *supra*.)

EXCESSIVE CLAIMS MADE BY THE RAILROADS CHARGED TO THE MAILS IN THEIR REPORTS OF SPACE OPERATED.

The claims for excess, unauthorized, and unused space reported by the railroads in connection with the mail service amounted to 31.2 per cent of the total authorized space for mails. The Department has classified and described the character of the several kinds of this excess, unauthorized, and unused space so reported, in Post Office Department Exhibit 47 (pp. 78–81, *supra*), and has also tabulated the car-foot miles under each of said classifications and set them forth in Post Office Department Exhibit No. 48 (p. 82, *supra*). The total tabulated car-foot miles so reported and charged by the railroads against the mails was 324,069,610 for the statistical period. The car-foot miles making up this total representing the several classifications referred to and the per cents of the same to the total are set forth in the Digest of Exhibits, p. 82, *supra*.

The character of the charges represented in this total of car-foot miles is set forth and explained in the testimony of the several witnesses for the Railroads and for the Department, reference to which will be made below.

60-FOOT RAILWAY POST-OFFICE CAR SERVICE.

The Railroads charged to the mails excess space and operation in connection with 60-foot railway post-office cars under the following conditions:

(a) The Railroads made the charge in all cases where the Railroads operated full railway post-office cars of greater length than the authorized length. (Post Office Department Exhibit 47, first paragraph.)

In this class of cases were operations of 70-foot cars in lieu of 60-foot authorizations, as provided for by the statute.

The only justification offered for this by the Railroads is found in Mr. Wetling's testimony, in which he said that it was on the theory that the car had been originally built pursuant to some agreement or understanding with the Department. (Abstract of Evidence, p. 280, *supra*.)

The law specifies 60 feet as the standard size of full railway post-office cars and the Department authorizes that size of cars. In many cases the companies operate cars of greater length, ranging from 1 to 10 feet over-size, the latter being what are known as the 70-foot cars.

(b) The Railroads charged to the mails all excess unauthorized operation of full railway post-office cars beyond the authorized run of such unit. (Post Office Department Exhibit 47, "A.")

These were principally cases such as where a full railway post-office car was authorized between two points, but the full car was run by the railroad beyond the authorized distance. These also occur where a change in the authorization of the unit from a 60-foot full car to a 30-foot apartment railway post-office car was made at a divisional point and the railroad company operated a full car through to the end of the train run. Such an instance is cited in the Abstract of Evidence on pages 275-278, *supra*.

The contention of the Railroads is that such changes in those instances could not be made for operating reasons; but the weight of evidence is to the effect that these changes are ordered to be made only at divisional points

as defined in the Postal Laws and Regulations, and where conditions exist such as are described in such regulations. There is no valid reason why the Railroads should not make the changes and if they do not provide for such changes the operation of the full cars to the ends of the train runs should be charged to the passenger service and not to the mails, which are not responsible therefor.

(c) The Railroads charged to the mails all excess unauthorized operation of full railway post-office cars on days when not authorized and when no service was performed in the carriage of the mails. Post Office Department Exhibit 47, "B.")

These are cases such as where a full railway post-office car was authorized six or less times a week but the railroad operated the car on other days of the week.

There appears to be no reasonable excuse offered by the Railroads for this operation or the charging of the same to the mails.

(d) The Railroads charged to the mails all excess unauthorized operation of excess space in full railway post-office cars run in fulfillment of authorizations of 30-foot apartments or 15-foot apartments in cars. (*Id.*, "K.")

Space authorized and claimed by the Railroads under this classification consists of cases where a 15-foot or a 30-foot apartment in a combination car was authorized and the railroad for its own convenience furnished and operated in fulfillment of such authorization a full railway post-office car, the difference between the apartment space authorization and the length of the car furnished being charged to the mails.

There appears to be no reasonable excuse offered by the Railroads for this excessive operation or for a charge of the same to the mails.

These charges against the mails for excess operation of full railway post-office cars are not only evidenced by the exhibits referred to, but by the testimony of witnesses for the Railroads and for the Department. (Abstract of Evidence—Excessive Claims, etc., pp. 273-284, *supra.*)

APARTMENT-CAR SERVICE.

The Railroads charged to the mails excess space and operation in connection with apartment-car service under the following conditions (Abstract of Evidence, pp. 284-289, *supra*):

(a) The Railroads charged to the mails all excess space over authorized space in railway post-office apartments in combination cars (including those cases above mentioned, where full cars were substituted for apartment cars and not considered here).

These cover such cases as where an apartment 20, 25, or 30 feet in length was operated by the Railroads to fulfill a 15-foot authorization.

Such an instance is mentioned in the testimony for the Department in Abstract of Evidence, pages 288, 289, *supra*.

The only excuse that can be offered by the Railroads for this operation of excessive space may be found in the fact that the cars in their possession were constructed of different sizes and did not conform strictly to the authorized units named in the statute. These cars, however, were the same cars as had been in use under the weight-basis system, and, as hereinbefore stated, it was not the intention of either the Railroads or the Department to change their sizes during the test period. The fact, however, that the roads had these cars of excess sizes and were compelled to operate them under such conditions does not in any respect justify them in charging the excess space and operation to the mails.

(b) The Railroads charged to the mails all excess unauthorized operation of Railway Post Office apartments in combination cars authorized between two points and operated by the railroad company beyond such authorized distance. (Post Office Department Exhibit 47, "A.")

Such operations over unauthorized mileage covered cases, among others, where the car was operated over mileage over which the mail service was not authorized in the particular train in which the car was operated; over mileage over which no mails were authorized on any train, notwithstanding which the car in question was run

without authority and without carrying the mails; and movements to and from yards and shops. Examples of this are found in the Abstract of Evidence, pages 285-288, *supra*.

There appears to be no reasonable excuse offered by the Railroads for this excess operation or for its charge to the mails.

(c) The Railroads charged to the mails all excess unauthorized operation of excess space in railway post-office apartment cars over that authorized, and run by the railroad beyond the authorized distance. (Post Office Department Exhibit No. 47, "AE.")

These were cases where the railroad company ran an apartment of larger size than that required to fill the authorization and where such a larger apartment was run by the railroad over a distance unauthorized for mail service.

There appears to be no excuse offered by the Railroads for this excess operation, except that their cars were of larger size than the cars authorized. Comments upon this have been made above in connection with cases where larger size apartments than those authorized were furnished.

(d) The Railroads charged to the mails all railway post-office apartments in combination cars authorized less than the full number of days in a week but operated by the railroad company on other days not authorized. (*Id.*, "B.")

This classification covers cases such as where an apartment in a combination car is authorized for six days in the week but the car in which the apartment is contained is operated by the railroad on Sundays or other days when there are no mails carried.

The only possible excuse the Railroads could have for this excess operation would be in cases where their equipment was necessarily limited and no other car was available for operation on the days upon which mails were not authorized to be carried. There is little justification in any case for charging this excess operation against the mails, because the car when operated on such nonmail

days must necessarily be operated for passenger purposes, even if no mails were authorized on the line. Considering the matter from the point of view of service rendered and the benefit derived to the mails, there is no justification whatever in this charge.

(e) The Railroads charged to the mails all excess unauthorized space in apartments in combination cars, resulting from the operation of a larger sized apartment than the 15-foot apartment authorized, and where such larger apartment was run by the Railroad on a day or days unauthorized for mail service. (*Id.*, "BE.")

This classification would include such a case as where a 15-foot apartment car is authorized for six days in the week, but not on Sundays, and in fulfillment of the authorization the Railroad furnished a 25-foot apartment and operated the same car on Sundays, when the apartment service was not authorized and no mails were carried. The Railroads not only charged the excess movement of the 15-foot apartment on Sunday to the mails but also the excess movement for the 10-foot excess space over the 15-foot apartment.

There can be no further excuse offered by the Railroads than that mentioned above in regard to classification "B" movements, and comments upon the matter there are equally applicable here. There appears to be no justification whatever for this charge against the mails.

(f) The Railroads charged to the mails all excess unauthorized operation of railway post-office apartments in combination cars authorized in one train daily each way but operated by the railroads on other trains on which no mails were authorized to be carried; also all excess unauthorized operation where railway post-office apartment in a combination car was authorized between two points, but the car containing the apartment was run by the Railroad in other trains than those in which the mails were authorized to be carried and beyond the points authorized and over trackage covered by another mail route or over trackage over which no mails were authorized to be carried. (*Id.*, "C.")

No reasonable excuse is given by the Railroads for the charging of this excess operation against the mails. If for lack of equipment or for any other reason unconnected with the mail service (and there is no connection whatever shown by the testimony) the Railroads find it convenient to operate their cars in this manner, such operation is clearly for the purposes of the passenger service alone and in no wise is necessary for the transportation of mails. The charge to the mails is therefore wholly unjustified.

(g) The Railroads charged to the mails all unauthorized excess operation where railway post-office apartment in combination car was authorized in certain trains and the Railroad furnished an apartment of larger size than required to fulfill the authorization and operated it on other trains upon which no mails were authorized to be carried, claiming the excess space and mileage for the unauthorized trains. (*Id.*, "CE.")

There has been no satisfactory excuse offered by the Railroads for charging this excess operation to the mails. All that has been said heretofore with reference to the absence of justification for similar charges is clearly applicable here.

(h) The Railroads charged to the mails all excess unauthorized operation of apartment car under the following conditions, namely:

Where apartment railway post-office car service was discontinued on a route and superseded by storage space or closed-pouch space in lieu thereof, and the Railroad continued to furnish the apartment car without authorization and reported the excess mileage for the full space in such car against the mails. (*Id.*, "D.")

The Railroads offer no reasonable excuse for this charge of excessive operation against the mails. If such operation can be charged against the mails, the authority and privilege to change authorizations is wholly futile. These apartment cars were no longer needed for mail purposes and the service was discontinued. It is for the Postmaster General to say whether the mails shall be distributed en route on any particular road or whether they shall be carried in closed pouches without such distribution. If

he can not discontinue a railway post office and supersede it with closed-pouch service, the purpose of the law is entirely nullified and the privilege of administering the service in this manner is wholly without any benefit so far as the cost of the service is concerned. If the theory of the Railroads be correct in this respect, they need not change any of their cars at any time to conform to authorized units, but may continue to operate any cars they may chance to have without change and charge the entire cost of the same to the Department, while the Department at the same time is attempting to conduct the service within the spirit of the statute which authorizes different units of cars. The Railroads' charge to the mails in this case is wholly without justification.

STORAGE-CAR SERVICE.

The Railroads charged to the mails excess space and operation in connection with storage-car service, under the following conditions:

(a) The Railroads charged to the mails all excess space in and operation of such excess space in storage cars in excess of the 60-foot authorized length. (*Id.*, second paragraph.)

This classification includes all cases of excess in length of storage cars above 60 feet and where such cars were furnished and operated in fulfillment of storage-car authorizations of 60 feet as provided for by the law. Some Railroads have storage cars of lengths varying from 60 to 70 feet. The operation of the excess space was charged to the mails.

An example of such operation and claim is referred to in the testimony of Mr. McBride for the Department. (Abstract of Evidence, p. 296, *supra.*)

The only excuse which could be offered by the Railroads for this excess operation and for its charge against the mails is the same as that referred to in the case of the operation of oversize full railway post-office cars. The same comments with reference to such theory are applicable here.

(b) The Railroads charged to the mails all excess unauthorized operation of full mail-storage cars authorized between two points and operated by the Railroads over distance beyond the authorized run. Such examples of operation are discussed on cross-examination by Witness Wetling for the Railroads. (*Id.*, pp. 289-291, *supra.*)

The only excuse given by the Railroads for charging this excess space and movement to the mails is there stated to be similar to the reason for charging the movement of full railway post-office cars for the entire distance of the car run, although the authorization is changed at a divisional point. These charges for excessive operations under these conditions arise where the change in the storage-car unit is authorized at a divisional point, and instead of making the change the company runs the car through to a point beyond.

The Department believes that these changes can be made at divisional points and that if they are not made and the Railroads operate the cars beyond for their own convenience or for reasons in which the mails are not concerned, the excess operation should not be charged to the mails.

(c) The Railroads charged to the mails all unauthorized excess operation of full mail-storage cars where such cars were authorized six or less times a week, but the railroad operated the full car on other days of the week, charging the excess operation to the mails. (Post Office Department Exhibit 47, "B.")

Such operation is discussed in the testimony of Witness Wettling for the Railroads on cross-examination. (Abstract of Evidence—60-foot Storage Car Service, p. 291, *supra*.)

This classification includes cases where the full mail-storage car was operated on days on which no mails were authorized to be carried in the same.

As the full-storage car is devoted entirely to one service, the Railroads have not even the excuse offered in the case of the operation of combination cars on days upon which the mails are not carried. The only conceivable excuse for operating a full-storage car would be that it was necessary to return the car to the initial point for use on the day of authorization; but even in such cases such a result would arise from a lack of adequate equipment and the excess space and operation should not be charged to the mails in ascertaining cost. A proper return on the adequate equipment might be considered.

Reference is had to the testimony of the witnesses upon this subject. (Abstract of Evidence, pp. 289–296, *supra*.)

STORAGE-SPACE AND CLOSED-POUCH SERVICE.

The Railroads charged to the mails all excess and unauthorized space and operation in connection with storage-space and closed-pouch service under the following conditions: (Abstract of Evidence, pp. 296-302, *supra*.)

(a) The Railroads charged to the mails all excess unauthorized space and operation of mail-storage space and closed-pouch space in combination cars where authorization was between two points only and the Railroad operated the combination car beyond the authorized distance, charging the operation of the space for the unauthorized distance to the mails. (Post Office Department Exhibit 47, "A.")

This classification covers cases such as where the car in which the storage space or closed-pouch space is authorized between the two points is operated over mileage over which the mail service is not authorized in the particular train; over mileage over which no mails are authorized on any train (nonmail mileage); and movements to and from yards and shops. Some examples of these movements and excess charges to the mails are discussed in the testimony of Witness Wettling for the Railroads on cross-examination.

No adequate excuse is offered by the Railroads for making this excessive charge against the mails for this operation. These units of space are authorized in mixed cars regularly carried in the consist of the trains, and they only utilize space available therein which in most if not in all the cases would not be used by any service if not occupied by the mails. In other words, the mails are carried incidentally and do not furnish any motive for operating the mixed car. The space vacated by the mails may be utilized by the Railroads for their own services over the unauthorized mileage and undoubtedly in many cases is so utilized. If the Railroads' charge to the mails of the maximum authorization for storage space in a car over the entire run of the car be correct, it must be based upon a theory that it is necessary for the railroad to operate the car over its entire run to accommodate the maximum authorization at any point, and that upon the discontinuance or reduction of a storage authorization the space

so released is not available for use of the railroad, and in fact is not so used. Such assumptions are wholly against reason and the facts in the case. The Railroads have advanced the theory that they must reserve the maximum space in the car for the use of the Department. This claim is palpably absurd and will be referred to hereinafter.

Reference is had to the testimony of witnesses upon the subject of this subdivision. (Abstract of Evidence, pp. 296-302, *supra*.)

(b) The Railroads charged to the mails all excess and unauthorized operation where mail-storage space or closed-pouch space in combination car was authorized six or less times a week, but the car containing the space equivalent to the unit of authorization was run by the railroad on other days of the week. There was an excess charge made to the mails of space equal to that of the authorized unit so run, although not authorized on such days. (Post Office Department Exhibit 47, "B.")

This classification includes cases such as where a 3-foot, 7-foot, or 15-foot storage-space unit was authorized in a baggage car for six days in the week and the same car was run by the railroad in its regular consist on Sunday, and although no mails were authorized to be carried in the car on Sunday, an excess charge was made to the mails for the same amount of space authorized on week days.

Specific instances are cited by Witness McBride for the Department where such authorizations were made for only a few days in the week and the excessive charge was made to the mails of the same space on other days. (Abstract of Evidence—Storage-space Service, p. 298, *supra*.)

Mr. McBride's testimony shows that during the statistical period of 35 days, 30 feet of storage space was authorized 10 trips in train 1, Kansas City and Tukumcari Railway Post Office on the Rock Island. This produced a legitimate charge against the mails of 185,400 car-foot miles over a run of 618 miles, but the railroad claimed the operation of the same amount of space for the remaining 25 trips over the same mileage, resulting in an excessive charge against the mails of 463,500 car-foot miles. This was for the operation in one direction. The railroad also claimed for

the return movement in the return train over the entire distance for the full period of 35 days, 648,900 car-foot miles, or a total excessive claim of 1,112,400 car-foot miles.

In another case his testimony shows that during the statistical period there was a 15-foot storage space authorized 30 trips, but the Railroads claimed the same space movement for the 15 feet on the 5 other trips, although these trips were not authorized to carry mails, and carried none.

There can be no justification for such charges against the mail service.

(c) The Railroads charged against the mails all excess and unauthorized operation of mail-storage space and closed-pouch space where a unit of mail-storage space or closed-pouch space in a combination car was authorized daily in one train each way, but the same car was run by the railroad between the same points in other trains daily. (Post Office Department Exhibit 47, "C".)

There can be no adequate excuse for this excessive charge. There is not even the excuse here that the Railroads might urge if the operation were one of an apartment in a combination car. Apparently the charge rests upon the theory that the Department having requested space in the baggage car on one day in one train it becomes obliged to pay for the same space when the car is run on other trips or in other trains on the same day, although not authorized or used for the mails, and although it may possibly be used by the railroad. It is an example of the extent to which the Railroads went in overloading the mail-space ratio.

(d) The Railroads charged to the mails all excess and unauthorized storage space or closed-pouch space where a unit of storage space or closed-pouch space was authorized on a given train for part of the days of the week and a lesser unit of storage space or closed-pouch space was authorized on the remaining days of the week. The Railroads made the excessive claim against the mails for the operation of the difference in the sizes of units on the days when the lesser unit was authorized. (*Id.*, "E".)

No justification has been given by the Railroads for this excessive claim. Not even the absurd claim that the railroad must provide for the maximum authorization and hold the space available for the Department under all circumstances could be urged here. The Railroads know in advance the authorization required for each day, which is confined to the limits of the consist of the train, and can utilize the space not required for the mails for its own purposes. They do not have to provide the full 7 feet on the days on which 3 feet only are authorized, and no change in consist is required or needed to handle the service in the mixed cars. Furthermore, in all such cases the Railroads were not contented to make the excessive charge in one direction only, but charged the same in all cases for the return direction also. It is another example of the method pursued by the Railroads in making excess charges to the mails. In this classification alone the car-foot miles so charged aggregate 1,129,061.

(e) The Railroads charged to the mails all excess and unauthorized mail-storage space or closed-pouch space where emergency service by units of mail-storage space or closed-pouch space in combination cars was authorized one way between given points. The Railroads charged to the mails the operation of the same space beyond the point of authorization and for the balance of the train run, and also made the excessive claim against the mails for the distance of the return movement as well. (*Id.*, "H".)

If any possible excuse or justification could be offered by the Railroads for such a charge where the authorization is a permanent one, it could not possibly hold in this kind of a case. Emergency service is authorized under these circumstances only where the space to be used is run by the railroad whether the mails are or are not authorized to be carried therein, and is therefore always found in the consist of the train. The railroad was not obliged to supply additional space or change the consist of its regularly operated train for this purpose. The testimony shows that, without any exception which has been specifically pointed out, the utilization of space in the cars for this emergency service furnishes them a revenue for the space

used which otherwise would yield them nothing. To charge the space in this excessive manner to the mails is distinctly unfair and is another example of the extent to which the Railroads went to increase the mail-space ratio.

(f) The Railroads charged to the mails all excess and unauthorized operation of space where a unit of mail-storage space in a baggage car was authorized and the railroad for its own convenience furnished and operated in fulfillment of such storage space in a baggage car a full-storage car or baggage car. They charged to the mails the difference between the mail-storage space authorization and the full length of the car furnished. (*Id.*, "K.")

The space reported and charged against the mails under this classification, is the largest in amount of any class, and is shown on Post Office Department Exhibit No. 48. If any, of it could be justified by the Railroads it must be upon the theory that the entire space in the consist of the train was occupied or contracted for by other classes of service, and that in order to fill the requisition for the mail service an entire additional car must be placed in the consist of the train. If such cases exist it was incumbent upon the Railroads to point them out and distinguish them from the large body of cases in which they have, without exception, made these charges against the mails. The burden was upon them to justify their charge.

Even where such theories were advanced the probabilities are that a rearrangement of the consist of the train, so that one mixed car would have taken care of all services was possible. It should not be forgotten that the large systems on whose reports most of this class of space is claimed own many mixed cars of varying lengths; and in many cases which have been examined the substitution of a car of the size which the company had and did operate on other trains might have obviated the necessity of operating an additional car. Furthermore, the mail service is constant. The space required by the Department is known in advance and is the same every day; so that the company knows what must be furnished. This, according to the testimony of the Railroads' witnesses, is the exact opposite of the condition in the baggage and express services. They have

testified that no specific space is necessary to care for these services and that space for the mails must be reserved. Why, therefore, should the mail service be penalized, if it becomes necessary to place another car in the train, because the company chooses to run too small a car to handle the mail, together with the express and baggage? It would seem that the other services should be held responsible as well. Certainly the mails should not be penalized under such circumstances; but rather they should be given first consideration; for the Railroads have testified that they have a contract to care for the mails and have no contract to care for the baggage and express in the same manner.

(g) The Railroads charged to the mails all excess and unauthorized storage space or closed-pouch space where a unit of storage space or closed-pouch space was authorized between A and B and a lesser unit was authorized for a further distance between B and C. In this case the railroad charged to the mails the mileage and operation for the difference between the greater and the lesser unit for the distance from B to C. (*Id.*, "M".)

What has been said with reference to the excessive claims for storage space under the classifications "A," "H," and "R," applies as well to the classification here. These authorizations are changed only at divisional points. The Railroads know in advance that the additional space will be available at the divisional points for any purpose to which it may be devoted. If the original authorization has not disturbed the regular consist of the train or the regular traffic in the car, there appears to be no reason why the space equivalent to the space discontinued at the divisional point should be charged directly to the mails.

(h) The Railroads charged to the mails all excess and unauthorized storage space or closed-pouch space where a unit of storage space or closed-pouch space was authorized in one direction between points on a railroad route. The railroad made claim against the mails for the mileage and operation of the full space of the storage or closed-pouch unit for the return movement. (*Id.*, "R".)

The Railroads have offered no sufficient reason for this charge. It could only rest upon the theory that it was necessary for a railroad to furnish the car and operate it in both directions to fulfill the requirement, and that the space operated in the return movement was not available to the railroad and was not used by it. There is no evidence to support any of these propositions.

The car-foot miles in this classification is large in amount, being over 39,000,000. The return space is always available for the uses of the railroad company, and the fact that it was used in one direction by the mails should not compel the Department to bear the burden in the return direction, particularly as no attempt whatever was made by the Railroads to charge return space to the baggage, miscellaneous, and express services, which occupy space in the mixed car under precisely the same conditions as the mails are carried, the only difference in the service being the advantage to the Railroads that the mails are specifically authorized in advance and the company knows exactly what is needed. In regard to the failure of the Railroads to place the express and baggage upon a parity in this respect with their charges to the mails something will be said hereinafter.

(i) The Railroads charged to the mails all excess and unauthorized claims for units of storage space or closed-pouch space where a unit of storage space or closed-pouch space was authorized in one direction between given points on a route and a lesser unit of storage or closed-pouch space was authorized in the opposite direction between the same points. The mileage representing this operation for the difference between the lesser authorization and the greater authorization for the distance of the return movement was entered as a claim against the mails. (*Id.*, "RM.")

Substantially the same may be said here as was said in regard to the classification under the "R" movements, but with greater force.

(j) The Railroads charged against the mails all excess and unauthorized mail-storage space or closed-pouch space where a unit of mail-storage space or closed-pouch space

was authorized in one direction between points on a route, which distance included a spur. The mileage for the return movement over the spur was reported and claimed against the mails. (*Id.*, "S.")

The same that has been said with reference to the action of the Railroads in regard to classification "R" will apply here.

(k) The Railroads charged to the mails all excess and unauthorized storage space or closed-pouch space where a railway post office apartment in a combination car was authorized between A and B and the railroad company operated the car unauthorized and unused for mails for the further distance between B and C. The company made a claim for concurrent unauthorized operation of a storage-space or a closed-pouch unit over the same mileage. (*Id.*, "X.")

There is no good reason for charging space of this character to the mails in addition to charging the empty apartment-car space. The space in the baggage end of car is not controlled in any way by the Department and no unused space therein should be charged directly to the mails. The mails utilize only space that is available and the car does not change its character in any respect because of carrying the mails. It is run for the other services primarily.

(l) The Railroads charged to the mails all excess and unauthorized emergency mail-storage space or closed-pouch space where the Railroads reported emergency service in mail-storage space or closed-pouch units but such space was not authorized by the Department. (*Id.*, "DIS.")

Space so classified is that represented in the space disallowed by the Department for emergency space claimed by the Railroads. These claims were verified from the records of the Department covering payments for emergency service and found not to have been allowed. Therefore the space was improperly charged to the mails.

SPECIFIC INSTANCES OF THE EXCESSIVE SPACE CLAIMS
MADE BY THE RAILROADS AGAINST THE MAILS IN ACCORD-
ANCE WITH THEIR PLAN ABOVE DESCRIBED.

GREAT NORTHERN RAILWAY, (POST OFFICE DEPARTMENT EXHIBIT
No. 84.)

Witness McBride for the Department stated the authorizations for service in trains 241 and 242 on mail route 163510, Great Northern Railway, and described in detail the excessive claims in connection with apartment-car, storage, and closed-pouch authorizations made by the Railroad for unauthorized operation and unused space for the mails in apartment, storage, and closed-pouch space on those trains. (Post Office Department Exhibit No. 84.)

The results of such claims is shown in round numbers on the exhibit to be 499,000 unauthorized car-foot miles in connection with 155,000 authorized car-foot miles.

In answer to the question as to whether he could discover from the graphic charts—Post Office Department Exhibit No. 84, illustrating these excessive claims—whether there was any possible claim that the Railroad could have made which it did not, the witness replied: “I have been unable to find anything in connection with this route and most routes that they have not claimed in connection with the mails.” (Abstract of Evidence—Apartment, Storage, and Closed-pouch Service, p. 310 *supra*.)

GREAT NORTHERN RAILWAY (POST OFFICE DEPARTMENT EXHIBIT No. 85).

Witness McBride stated the authorizations of service by the Great Northern Railway in trains 209 and 210 on route No. 161525 and described in detail the excessive claims made by the company in connection with apartment, storage, and closed-pouch authorizations in those trains.

The total of such excessive claims is shown to be 46,605 unauthorized car-foot miles in comparison with 25,935 authorized car-foot miles. In answer to the question as to whether from the examination of the graphic representations—Post Office Department Exhibit No. 85—he could see any place where the Railroads could have claimed more

than they did by any possible combination, he replied: "No; I do not. It seems to me that they have claimed everything they could possibly have claimed." (*Id.*, p. 311, *supra.*)

CHICAGO, ROCK ISLAND & PACIFIC RAILWAY.

Witness McBride stated the authorizations of service on route 157547, Chicago, Rock Island & Pacific Railway, and described in detail the excessive claims made in connection with unauthorized space operations by the railroad company in connection with apartment car, storage, and closed-pouch authorizations. These several items total 381,570 unauthorized car-foot miles. (*Id.*, pp. 311, 312, *supra.*)

NORFOLK & WESTERN RAILROAD.

Witness McBride cited certain authorizations on route 114528, Norfolk & Western Railroad, and described in detail the unauthorized space-claims made by the railroad in connection with authorized mail space. The total of these excessive claims on Form R. M. P. 3 for trains 15 and 16 is 658,005 car-foot miles, compared with a total of authorized car-foot miles of 579,420. Among other trains referred to the witness noted ratios ranging as high as 30 to 1 between unauthorized space claims and space authorized on train 18. (*Id.*, pp. 313-316, *supra.*)

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY.

Witness McBride described the manner in which railroads made unjustified and excessive claims of unauthorized and unused space-operation in connection with closed-pouch space authorized a part of the time, and cited such claims made by the above-mentioned railroad. These excessive claims in this case aggregate 26,220 unauthorized car-foot miles in comparison with 1,185 authorized car-foot miles, a ratio of 22 to 1 between unauthorized space-claims and space actually authorized. (*Id.*, pp. 316, 317, *supra.*)

CASES WHERE RAILROADS MADE EXCESSIVE CLAIMS OF UNAUTHORIZED SPACE IN CONNECTION WITH AUTHORIZED CLOSED-POUCH SPACE, AND THE RATIOS BETWEEN THE SAME.

Witness McBride submitted a table showing a number of railroads, the routes operated, the car-foot miles of authorized space, the car-foot miles of unauthorized space for which excessive claims were made, and the ratios between the authorized space and the unauthorized space claimed. These ratios run from 6 to 142 representing unauthorized space claimed, to 1 representing authorized space. (*Id.*, p. 318, *supra.*)

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY.

Witness McBride stated an authorization on route 133516, Cleveland, Cincinnati, Chicago & St. Louis Railway, and described in detail the excessive claims for unauthorized space movements in connection with closed-pouch authorizations. This was a case where a 3-foot unit of closed-pouch space was authorized on Sundays only for 18 miles of a total train run of 211 miles. The railroad claimed the operation of the 3-foot unit not only for the 18 miles but for the balance of the 211 miles (193 miles) on Sundays, and also claimed the operation of space equivalent to a 3-foot unit for the remaining 30 days (the week days in the statistical period) over the entire 211 miles during a period when no mails were authorized in the unit. The authorized car-foot miles were 270; the unauthorized and excess claimed equaled 21,885 car-foot miles. Furthermore the report disclosed the fact that no mails were carried in the 3-foot unit excepting one sack or package consisting of a bundle of newspapers from Chicago. The ultimate ratio of space occupied by this bundle to the space excessively claimed by the railroad was 1 to 3,600. (*Id.*, p. 321, *supra.*)

CHICAGO, ROCK ISLAND & PACIFIC AND OTHER LINES.

Witness McBride stated the authorization on route 143508, Chicago, Rock Island & Pacific Railway, and described in detail the excessive claims of unauthorized space in connection with closed-pouch authorizations in trains authorized to carry mails over a portion of the train-run only. In this connection he submitted a table showing the same information for other lines and stating the ratio between the unauthorized space claimed and the authorized space in each case. These ratios range from 4 to 34 for unauthorized space to 1 for authorized space. (*Id.*, pp. 321, 322, *supra.*)

EXCESSIVE CLAIMS OF RETURN MOVEMENT OF UNAUTHORIZED SPACE—CLOSED-POUCH SERVICE.

Witness McBride described in detail excessive claims for return movement of unauthorized space in connection with closed-pouch service authorizations, covering a number of railroads, and submitted a table showing the authorized car-foot miles and the excessive claims for unauthorized car-foot miles, and the ratios between them. These ratios range from 6 to 12 for unauthorized car-foot miles to 1 for authorized car-foot miles. (*Id.*, pp. 323, 324, *supra.*)

EXCESSIVE CLAIMS OF UNAUTHORIZED SPACE OUTWARD AND UNAUTHORIZED RETURN SPACE—CLOSED-POUCH SERVICE.

Witness McBride described in detail the character of excessive claims of unauthorized space outward and unauthorized return space in connection with trains carrying closed-pouch authorizations over parts of runs. He submitted details with reference to a number of railroads and a table showing the information, including the authorized space and the claims for unauthorized space and the ratios between them. These ratios range from 3 to 31 for unauthorized car-foot miles, to 1 for authorized car-foot miles. (*Id.*, pp. 325-328, *supra.*)

PENNSYLVANIA CO. (POST OFFICE DEPARTMENT EXHIBIT 86).

Witness McBride stated a closed-pouch authorization on route 131551, Pennsylvania Co., and described in detail the excessive unauthorized space claims in connection therewith.

Attention is specially invited to the exhibit which shows graphically the facts involved. A 3-foot closed-pouch authorization was in effect for 40 miles, Pittsburgh to New Galilee, for 25 days of the statistical period. This represented 3,000 authorized car-foot miles. The railroad, however, claimed the operation of the 3-foot of space for the entire remaining distance from New Galilee to Chicago, 428 miles, producing an excessive claim therefor of 32,100 car-foot miles. However, there were 10 more days during the statistical period on which mails were not authorized to be carried in this unit. Nevertheless the company claimed the operation of this amount of space for these 10 days for the entire distance between Pittsburgh and Chicago, 468 miles, producing an excessive claim of 14,040 car-foot miles.

But this was not all. Notwithstanding the fact that the unit was not authorized in the return direction over even the 40 miles, New Galilee to Pittsburgh, to say nothing of the 468 miles, Chicago to Pittsburgh, the railroad claimed the operation of thirty-five 3-foot space movements in the return direction of the car for the entire distance from Chicago to Pittsburgh, 468 miles, producing a further excessive claim of 49,140 car-foot miles. The total unauthorized claim was for 95,280 car-foot miles and the authorized operation produced 3,000 car-foot miles, a ratio of 31.8 to 1.

The claims of the railroad in this case appear even more preposterous when it is shown that the average amount of mail on the train upon which this 3-foot unit was authorized was only one sack per day, and which was carried only 40 miles. (*Id.* pp. 329, 330, *supra.*)

PENNSYLVANIA CO. (POST OFFICE DEPARTMENT EXHIBIT No.87).

Witness McBride stated authorizations of a 3-foot closed-pouch unit on route 131551, Pennsylvania Co., and described in detail the unauthorized space claims in connection with such closed-pouch space authorizations. The train run in this case, as in the other case, was between Chicago and Pittsburgh, a distance of 468 miles. There was a 3-foot closed-pouch unit authorized between Gary and Valparaiso, Ind., 29 trips, and between Columbia City and Fort Wayne, Ind., 19 miles. Unauthorized movement of the same amount of space was claimed between Chicago, Ill., and Gary, Ind., 27 miles, between Valparaiso and Columbia City, Ind., 85 miles, and between Fort Wayne, Ind., and Pittsburgh, Pa., 321 miles. The company claimed the operation of 3 feet of space for the entire period over the entire distance outbound and also for the entire distance on the return trip of the car.

The total authorized car-foot miles were 3,330, and total unauthorized car-foot miles claimed were 94,509. This appears even more striking when it is considered that the report shows that the maximum number of pouches or sacks carried at any one time in the authorization during the period was 9 and the minimum 1. (*Id.*, p. 331, Post Office Department Exhibit No. 87, *supra.*)

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY.

Witness McBride stated certain closed-pouch authorizations on route 133516, Cleveland, Cincinnati, Chicago & St. Louis Railway, and described in detail the excessive unauthorized space claims in connection therewith. (Abstract of Evidence, etc., p. 331, *supra.*)

NORTHERN PACIFIC RAILWAY.

Witness McBride stated a closed-pouch authorization on route 171502, Northern Pacific Railway, and described in detail the excessive claims of unauthorized space in connection therewith. (*Id.*, p. 332, *supra.*)

EMERGENCY SERVICE—EXCESSIVE CLAIMS OF UNAUTHORIZED SPACE.

Witness McBride stated authorizations upon the following named railways, and described in detail the excessive claims of unauthorized space in connection with emergency space authorizations thereon:

Alabama Great Southern Railroad; Denver & Rio Grande Railroad; St. Louis-San Francisco Railway; Wabash Railway; Pennsylvania Railroad; Pennsylvania Company; Southern Railway; Boston & Albany Railroad; Cincinnati, New Orleans & Texas Pacific Railway; Pittsburgh, Cincinnati, Chicago & St. Louis Railway. (*Id.*, pp. 332-338, *supra.*)

THE RAILROADS' METHOD OF APPORTIONING UNOCCUPIED SPACE IN MIXED CARS.

The unused space in all mixed cars was apportioned by the Railroads on the basis of the per cent representing the authorized space plus all unauthorized and excess space claimed in connection therewith. This carries over into the apportionment of unused space the effect of the excessive claims made by the Railroads with reference to space to be charged against the mails in connection with operation. In other words, the ratio on which the Railroads divided the unused space in the mixed cars was loaded unduly by charging to the mails the excess claims hereinbefore referred to.

(Abstract of Evidence—Excessive Claims—The Railroads' Apportionment of Unoccupied Space in Mixed Cars, pp. 338-347, *supra.*)

ON THE RAILROADS' THEORY THEY COULD SELL THE DEPARTMENT SPACE, REGARDLESS OF POSTAL NEEDS.

On their theory of charging space to the mails the Railroads could sell to the Government any space they might have or choose to operate, regardless of postal needs, and thereby not only nullify the space-basis system but actually so pervert it as to make it the means of securing unrestricted and excessive pay for the services rendered.

(Abstract of Evidence—Excessive Claims—On the Railroads' Theory of Charging Space, etc., pp. 385, 386, *supra.*)

SAME OPERATION OF CARS UNDER WEIGHT-BASIS SYSTEM.

These excessive claims in connection with the operation of cars constituted an unjustified charge to the mails for the purposes of fixing a rate for the service, as the same cars would have been operated in precisely the same manner under the weight-basis system, and in fact were so operated under that system. Under the weight-basis system the Railroads were compensated on the basis of the average daily weight carried, which reflected the service actually performed, so far as weight was concerned. Therefore, to charge to the mails, under a space-basis system, the operation of space in which no weights of mails were carried under the weight-basis system is illogical and inconsistent with the facts. (Abstract of Evidence, pp. 318, 319, 386, *supra*.)

CASES REPRESENTATIVE.

The cases detailed by the Department's witnesses are representative of the manner in which the Railroads reported and claimed excessive space operation against the mails. (*Id.*, p. 329, *supra*.)

THE METHOD OF THE RAILROADS VIOLATES THE PURPOSE OF THE STATISTICAL INQUIRY.

The whole purpose of the statistical inquiry with respect to the operation of space was to ascertain the amount of space necessarily operated in connection with the mail service and the other services performed in passenger trains, in order that the approximate ratio of such operation for each class of service might be ascertained for the purpose of applying such ratios, where appropriate, to the division of expenses of operation, etc. Therefore every excessive claim against the mails for the operation of space, where such operation was unnecessary in the performance of the mail service and where it was unauthorized by the Post Office Department for that purpose, is improperly included in the space charged to the mails, and to that extent improperly increases the mail ratio and decreases the ratios for the other services.

This would be true under ordinary conditions; but it has special significance and is entitled to special consideration under the circumstances attending this inquiry. Congress authorized the statement of the railroad mail service upon a space-basis system in accordance with specific units of space named in the statute. It further provided for a test period during which the Postmaster General should place such routes upon the space basis as in his judgment were practicable and necessary in order that the Commission might properly determine the merits of such space-basis system. It is inconsistent with the enactment and its purpose that the result of the test which was provided for should be nullified, modified, or restricted by the fact that the railroad companies had certain oversize car equipment in their possession which they had been accustomed to operate under the weight-basis system and continued to operate the same under the space-basis system, charging the excess space to the mails; or that the results of a former custom of excessive operation should be charged to the mails. The very purpose of the test was to show the results of economical authorization in conformity with the new space units authorized in the statute and operation in accordance therewith. To permit the railroads to take advantage of the fact of possession of oversize cars and charge to the mails the results of the old system of uneconomical operation would completely nullify any effort at comparison between operation under the old system and operation under the new system.

With respect to the excessive claims for unnecessary, uneconomical, and unauthorized operation of cars over distances and routes where no mail authorizations were made, or on days when mails were not authorized to be carried, the same principle applies as in the case of oversize cars. It is shown conclusively by the evidence both of the Railroads' witnesses and of the Department's witnesses that under the weight-basis system excessive and uneconomical operation of cars by the railroads, without regard to the authorizations or the necessities of the postal service, was a common practice. It was apparently no concern to the Department because such uneconomical and excessive

operation was not reflected in rates of pay or in the aggregate compensation allowed for the transportation of the mails. However, under the space-basis system the purpose was to eliminate from consideration, so far as the mail service is concerned in fixing pay, all such excessive and uneconomical operation of cars, in order that the Department should pay for only the service rendered it and the Railroads should receive exact pay for all the services performed for the Department. To permit the Railroads to charge against the mails in this proceeding such excess, unauthorized, and uneconomical operation, for the very purpose of estimating cost of performance, upon which cost ultimate rates of pay shall be fixed, would be subversive of the very principles involved in the legislation and would make the change from weight basis to space basis useless and vastly more expensive to the Department than the old system.

The effect of these excessive charges of space operation by the Railroads against the mail service is to increase the car-foot miles for that service over the authorized car-foot miles 31.2 per cent. The special importance of the matter and the radical effect upon the ratio of the mail car-foot miles becomes at once evident. If the Railroads were successful in securing the acceptance of their plan of thus charging excess operations to the mails, they would add to the authorized car-foot miles 31.2 per cent, which would increase the Department's ratio of 7.28 per cent to 9.1382 per cent, and the application of this ratio in the apportionment of unallocated operating expenses and other expenses would increase, in the same ratio, the estimated cost to the Railroads of performing mail service. If this effort were successful it would necessarily follow that such an increase in the cost must be reflected in the rate for the performance of the service. Such a rate would be as unfair and unjust to the Department as are the excessive space claims hereinbefore detailed and upon which it would be based.

Reference is had to Abstract of Evidence—Excessive Claims—In General, pp. 347–357, *supra*.

THE RAILROADS REPORTED SPACE IN CONNECTION WITH THE
MAILS ON AN ENTIRELY DIFFERENT PRINCIPLE THAN THEY
REPORTED SPACE IN CONNECTION WITH THE BAGGAGE,
THE MISCELLANEOUS, AND THE EXPRESS SERVICES.

If, upon any theory, the method followed by the Railroads in reporting space operated in connection with the mails involving the excessive claims hereinbefore detailed could be justified, such method would necessitate the same treatment of the baggage service, the miscellaneous service, and the express service carried in the same cars and trains in the same manner, as was given the mails. But the Railroads did not treat these services the same as they did the mail service. They reported and charged to the mails every possible excess and unauthorized space movement in both directions, but reported only the actual space used for express and baggage and miscellaneous services in the one direction separately, in the mixed cars. It has been shown hereinbefore that with respect to the mails there was no possible claim which the Railroads could make against them that was not made. The maximum authorization in the mixed cars at any point of the run of a car was charged to the mails for the whole distance of the car run, regardless of changes in authorization en route. Not only was this practice followed with respect to the run where the authorization was made, but the maximum authorization in such direction was charged on the return movement of that car, even where no mail service was authorized. With respect to the express and the other services carried in the mixed cars, the Railroads reported only the actual space occupied in each direction separately. If no express was carried in the return movement of the car no charge of space to the express was made, although where no mails were carried in the return movement a charge to the mails was universally made, and that charge was the charge of the peak load in the other direction.

These facts are not only evidenced by the testimony of the witnesses for the Department but are freely and frequently admitted by all the witnesses for the Railroads

who testified with reference to space statistics. With respect to the theory that the Railroads are entitled to some special consideration as against the mails, because of a supposed obligation to reserve space or to operate their cars in a special manner to take care of these authorizations, Witness Wettling testified on cross-examination as follows:

Question. Now, having specifically located your point of difference between these two services, I will ask you if you ever knew of a case where it was necessary for a railroad company to operate more in its train consist than it would otherwise have operated in order to get this car back to the initial point of run to take care of this 3-foot or 7-foot authorization of space?

Answer. No; I suppose not. I would not claim any such ridiculous thing as that.

(Abstract of Evidence, p. 304, *supra*.)

Further reference is made to the testimony of the witnesses with respect to this subdivision—Storage-space Service. (Abstract of Evidence—Excessive Claims, pp. 296–307, *supra*.)

Not only is the result of this method grossly unfair and inequitable to the mails, but it is inconsistent with the physical facts of the service. There is the same unused space in connection with express service as is found in connection with the mail service, and if the mail service is to be charged in the manner described there is no valid reason why the express and other services should not have been treated in the same manner in order that they should be placed upon a parity with the mails.

Suggestions were made by a few of the railroad witnesses that the express service differed from the mail service in the mixed cars in that the express movement was fairly evenly balanced. This claim was completely disproved by the testimony of Witness McBride, who detailed to great length the conditions shown by the Railroads' reports during the statistical period on many roads throughout the entire country, such roads named being representative of the entire service. (Abstract of Evidence, pp. 367–376, *supra*.)

The following are examples:

On an Illinois Central route, Chicago to Sioux City, express, eastbound, 761,000 car-foot miles; westbound, 942,000 car-foot miles; a difference of 181,000 car-foot miles. Chicago and Northwestern route, Des Moines to Sioux City, baggage, even trains, 336,000 car-foot miles; odd trains, 101,000 car-foot miles; difference, 235,000 car-foot miles. Miscellaneous, even trains, nothing; odd trains, 42,000 car-foot miles; difference, 42,000 car-foot miles. Express service, even trains, 90,000 car-foot miles; odd trains, 232,000 car-foot miles; difference, 142,000 car-foot miles.

Chicago & Omaha, eastbound trains, baggage service, 6,329,000 car-foot miles; westbound, 3,357,000; a difference of 2,972,000 car-foot miles. Miscellaneous service, 68,000 car-foot miles eastbound and 96,000 car-foot miles westbound, a difference of 28,000 car-foot miles. Express service, eastbound, 1,068,000 car-foot miles; westbound, 1,566,000 car-foot miles; a difference of 498,000 car-foot miles.

These are examples which are representative of the conditions on the systems submitted, which in turn were shown to be representative of the conditions throughout the entire country.

Now, if these services mentioned had been mail service, the peak load would have been charged in both directions and these differences enumerated would not appear; but the Railroads, while careful to charge to the mails the peak loads in both directions regardless of service performed, made the difference with reference to the express, the baggage, and the miscellaneous service of charging to such services only the actual space occupied in each direction independently of each other.

The special significance of this is that the Railroads' handling of the statistics fails to place the mail service upon a parity with the other services performed in the same cars in the same trains, and therefore their ratio of 9.1382 per cent representing the space occupied by the mails is untrue and unrepresentative.

Reference is had to the testimony of the witnesses upon these points, set forth in the Abstract of Evidence—Excessive Claims, etc., pp. 358-376, *supra*.

THE DEPARTMENT'S CHARGE OF SPACE AND OPERATION TO THE MAILS.

The purpose of the test period during which the mail routes were placed upon a space basis was to enable the Postmaster General to submit evidence to the Commission with respect to the merits of the space-basis system in the conduct of the mail service and payment therefor. The fundamental theory of the space-basis system is the authorization of so much space as the Department requires for the conduct of the postal service and the payment to the Railroads for all the service they perform in the transportation of the mails and for no more. The act of July 28, 1916, the space-basis law, authorized such a system with such a purpose in view. That statute prescribed certain units of space as the basis of authorization and operation. These units and the operation of them are basic and fundamental in the system. If they are not observed, the system fails. If they are observed and the purposes of the act and the design of Congress is carried out they become the basis for all statistics relative to space and operation.

It was not only necessary in order to present the merits and possibilities of the space-basis system to the Commission that the Postmaster General should place the service upon a space basis during a test period, but in order to ascertain the cost of such service and determine a proper rate therefor, it was necessary to obtain certain statistics with reference to space operation. If these statistics do not represent the space authorized and operated under the authority of the space-basis act and in harmony with the spirit and intent of that act, such statistics are wholly misrepresentative and of no value in this proceeding. In order that they may be of value and be representative of the mail service in producing a ratio of mail car-foot miles, such statistics must conform to the units of authorization and they must not include excessive charges based upon the operation of the larger sized units which are not contemplated by the act and which the companies happen to have in their possession because of conditions which existed under the weight-basis system.

Neither must they contain excessive operation or excessive charges of car movements which are not representative of performance of mail service, such as has been detailed hereinbefore as a result of the claims of the Railroads in these respects.

For these reasons and because they are fundamental and controlling in this inquiry the Department has charged to the mails the operation of space in accordance with these purposes and in the following manner as distinguished from the method followed by the Railroads above described:

SPACE AND OPERATION AUTHORIZED DIRECTLY
CHARGED TO THE MAILS.

First; the space, and operation of the same, actually authorized for mail purposes, has been charged directly to the mails. As pointed out hereinbefore, the fact that the Railroads happen to have equipment of larger size and operate the same in fulfillment of authorizations prescribed by the statute can not be considered in this inquiry, and the operation of such oversize space can not be charged against the mails without destroying the value of the statistics.

Second, with respect to all the excessive, unauthorized, and unused space which the Railroads have charged to the mails and which the Department has classified and tabulated in Post Office Department Exhibits Nos. 47 and 48, the Department has disposed of the car-foot miles representing these, together with the car-foot miles representing unused space in the passenger trains in accordance with the plan detailed in Post Office Department Exhibit No. 65, plan No. 2. This plan in brief is as follows:

ASSIGNMENTS TO PASSENGER SERVICE.

There was assigned to the passenger service the car-foot miles of the unauthorized excess over authorized space in full railway post office and storage cars operated over authorized mileage for authorized space in such cars; of the space in full railway post office and storage cars operated

by the Railroads but unauthorized for mail purposes; of the full space in apartment cars operated by the Railroads but unauthorized for mail purposes; and of the excess unauthorized space in full railway post office and full storage or baggage cars operated in fulfillment of mail apartment or storage space authorizations.

The above excess and unauthorized operations were charged directly to the passenger service, the mails having no concern in them, the operation having been unauthorized and unnecessary for the purposes of this test and the determination by the Commission of a fair and reasonable rate for the performance of service under a space-basis system.

APPORTIONMENT OF UNAUTHORIZED AND UNUSED SPACE IN MIXED CARS.

The remaining unauthorized and unused space (found in mixed cars) was divided or apportioned upon the ratios ascertained, as follows:

For passenger service, the car-foot miles for baggage service and for miscellaneous service in mixed cars were taken (the car-foot miles for passenger service proper are not considered here for the reason that space reported of that character carries its own unused space).

For the express service, the car-foot miles for express service in mixed cars was taken.

For the mail service, the car-foot miles for mail service in mixed cars, exclusive of the car-foot miles for railway post-office apartments was taken (the mail apartment carries with it its own unused space).

The relation of these totals for the passenger, express, and mail services respectively, produce the ratios upon which the apportionment was made. The apportionment was then made by applying these ratios to the remaining unauthorized and unused space, by the method described in Post Office Department Exhibit No. 65.

Reference is further had to the testimony of witnesses upon points involved herein. (Abstract of Evidence—The Department's Assignment, etc., pp. 377-385, *supra*.)

SPECIFIC CASES DISCUSSED.

In connection with the operation of cars under the authorizations of the Department the witnesses discussed with particularity such operations in connection with train movements and other conditions, all having a bearing upon the respective contentions of the Railroads and the Department regarding the claims made by the Railroads for excessive operation of cars. They principally relate to the operation of full cars beyond divisional points where authorizations were reduced. These cases are found under the heading "Specific cases discussed." (Abstract of Evidence, pp. 386-410, *supra*.)

ULTIMATE SPACE RATIOS ACCORDING TO POST OFFICE
DEPARTMENT'S ASCERTAINMENT.

Post Office Department Exhibit No. 36 shows the consolidated statement of track mileage, train mileage, car mileage, and car-foot mileage by classes of service performed in passenger trains during the statistical period as reported by the companies, checked and tabulated by the Department and stated in ultimate form. An abstract of this exhibit is shown in Digest of Exhibits, page 70,71 *supra*, in which is set forth the totals for these items for the entire service on passenger trains. There is further shown the subdivisions of these totals to the passenger full cars and passenger mixed cars, being 72.66 per cent of the whole; the miscellaneous full cars and mixed cars, being 2.71 per cent of the whole; the express full cars and mixed cars, being 12.27 per cent of the whole; the authorized mail full railway post-office cars, the authorized mail full storage cars, the authorized mail mixed cars, being 6.94 per cent of the whole; also the unauthorized space claimed in connection with full railway post-office and mail storage cars, the unauthorized space claimed in connection with mail in mixed cars, the unused space claimed in connection with mail service, and all other unused space, being 5.42 per cent of the whole.

After the Department had assigned and apportioned the unauthorized and unused space claimed in connection with the mails and all other unused space in mixed cars to the

several classes of service, as hereinbefore described, for each railroad system for which financial reports were received, and then had consolidated all the car-foot miles for the respective services for all such systems, the space ratios became as follows (Post Office Department Plan No. 2):

	Per cent.
Total passenger, including baggage and miscellaneous.....	78. 61
Total express.....	14. 11
Total mail.....	7. 28

This is shown on Post Office Department Exhibit No. 66, first sheet, column 5; also on sheet No. 2, line 4, in columns 9, 11 and 13, where these ratios appear in connection with the consolidated statement of allocated and apportioned operating revenues, expenses, other expenditures, and net income.

REVENUE AND COST STATISTICS.

OPERATING REVENUES, OPERATING EXPENSES AND OTHER EXPENDITURES OUT OF OPERATING REVENUES, AND NET INCOME (FOR THE MONTH OF APRIL, 1917), FOR PASSENGER, EXPRESS, AND MAIL.

The object of the selection of the statistical period by the Department and the Railroads and in accordance with which the Railroads submitted their data with respect to the operation of their passenger trains and the space devoted therein to the several services, and also their data with respect to revenue and expenses, was the ascertainment of the car-foot mile revenue and the estimated car mile and car-foot mile cost of performing the several services in passenger trains.

Provision was made by appropriate blanks and instructions issued in connection therewith for securing from each railroad company or system complete data with respect to their revenues and expenses. The plan pursued in accordance with which the reports were to be made was agreed upon between the Department and the Railroads, and for the purposes of this inquiry there is no material controversy between them, but certain reser-

vations were made by each side, referred to hereinafter, for the treatment of the division of certain expenses, such as maintenance of way and structures.

The forms provided for allocations in accordance with the Interstate Commerce Commission's instructions and also for apportionments in accordance with the plan agreed upon. The manner in which these reports were compared, checked, and corrected by the Department and finally dealt with is set out fully by Witness Prentiss in Abstract of Evidence, pages 423-428, *supra*.

The net revenues from the mails as shown by the Department's figures are much less than the actual net revenues would be if they were based upon more exact apportionment of expenses. There are many operating accounts and primary accounts in which it is impossible to find any relationship to the mail or express services. There are accounts in which the mails and express have no part whatever. A division of such expenses upon the car-foot mile ratio inequitably charges a part of such to the mails. The plan of apportioning unallocated expenses upon this ratio was necessary in the absence of a more extensive and discriminating analysis which seemed impracticable at this time. The results are submitted with the reservation that they are inequitable to the Department.

The results of the division of expenses between freight and passenger, and of the passenger expenses between passenger, express, and mail for each road or system was shown upon Forms R. M. P. Nos. 70 and 71, which is identical in form with the skeleton forms upon which Post Office Department Exhibit No. 66 is shown. There was thereafter made a consolidation or recapitulation of all these Forms Nos. 70 and 71 for the respective companies or systems, for all the data shown thereon, and the total consolidated result was shown in Post Office Department Exhibits Nos. 66 and 67. Witness Prentiss for the Department has explained in detail the manner in which these exhibits were prepared and has specified the material results of the facts shown thereon. (Abstract of Evidence, pp. 428-440, *supra*.)

Post Office Department Exhibit No. 66 represents the consolidated totals of information reported by 262 carriers of the first and second class for operating revenues, operating expenses, other expenses payable out of operating revenues, net income and investment in property, divided first, as between freight and passenger, and second, the passenger part subdivided by allocations and apportionments between passenger, express, and mail according to Plans Nos. 1 and 2 of the Post Office Department. The material results shown on this exhibit are set forth in the Digest of Exhibits, pages 90, 91, *supra* (Plan No. 2 of the Department being used in this and all other cases).

There it is shown, *inter alia*, that the operating revenues per car-mile were for passenger 30.44 cents, for express 20.98 cents, and for mail 22.41 cents; that the operating expenses per car-mile were for passenger 21.83 cents and for other expenses 1.56, making a total of 23.39 cents; for express 17.07 cents and for other expenses 1.19 cents, making a total of 18.26 cents; and for mails 18.06 cents and for other expenses 1.29 cents, making a total of 19.35 cents; and that the net income per car-mile was for passenger 7.05 cents, for express 2.72 cents, and for mails 3.06 cents.

Post Office Department Exhibit No. 67 presents the same class of statistics taken and consolidated in Exhibit No. 66 as described above, but for carriers of Class I only, comprising 138 roads. The material results are set forth in Digest of Exhibits, pages 91, 92, *supra*. It is there shown, *inter alia*, that the operating revenues per car mile for passenger were 30.46 cents; for express 20.99 cents; and for mail 22.35 cents; that the operating expenses per car-mile were for passenger 21.77 cents, and for other expenses 1.55 cents, making a total of 23.32 cents; for express 17.02 cents, and for other expenses 1.17 cents, making a total of 18.19 cents; and for mails 17.99 cents and for other expenses 1.28 cents, making a total of 19.27 cents; and that the net income per car-mile was for passenger 7.14 cents; for express 2.80 cents; and for mails 3.08 cents.

Form R. M. P. No. 70 provided for a report as to investment in property. These amounts in each case were

reported by the several carriers and verified by reference to the annual report of each carrier filed with the Interstate Commerce Commission for December 31, 1916. Witness Prentiss in Abstract of Evidence, pages 432-436, *supra*, describes the manner in which these reports were received and treated.

It is desired to call especial attention to the fact that the Post Office Department made provision for securing upon Form R. M. P. No. 57 information from the Railroads with respect to the value of railroad equipment. This form provides for the separation of the total value of the equipment between freight and passenger services and between the passenger, express and mail services of the value of the passenger equipment for each carrier.

The reports made by the Railroads were very helpful in more accurately assigning to the freight and the passenger services in the first instance, and in the passenger service to the passenger service proper, the express service, and the mail service, respectively, the proper values of the equipment used in each class of service. The Railroads, however, failed to make use of this information in making their division of value of property, and by such failure and by the use of their general ratios upon which they divided property values, unduly increased the value of the property assigned to the passenger service and that apportioned to the mails. (Abstract of Evidence, p. 443, *supra*.)

The Department lays no stress whatever upon the reported value of the investment in property, and presents the data with all the reservations expressed by the Commission heretofore in the cases where these elements have been considered. If useful at all, they are useful at this time for comparative statistical purposes only. Further reference will be made hereinafter to the results shown in this respect.

Form R. M. P. No. 70 (the second sheet of recapitulation, Post Office Department Exhibits Nos. 66 and 67) shows apportionment of investment in property to the several classes of services and the per cent of net income to railway investment. However, the express and mail revenues, respec-

tively, shown on these sheets, although they were the revenues reported by the Railroads for the statistical period, were not the actual revenues received. The actual revenues were shown by supplemental reports, the results of which are stated on Form R. M. P. No. 71 (sheet 1 of Post Office Department Exhibits Nos. 66 and 67). (Abstract of Evidence, p. 439, *supra*.)

The relation of these actual revenues received to the reported investment in property is shown in Post Office Department Exhibit No. 74, referred to hereinafter.

COMPARISON OF NET INCOME WITH PROPERTY INVESTMENT.

In this hearing the Railroads submitted their statistics for Class I carriers only. These same Class I railroads are represented in Post Office Department Exhibit No. 67. For the purpose of showing the relation between the actual revenues received for passenger, express, and mail services for these same carriers of Class I, and as shown on sheet 1 of Post Office Department Exhibit No. 67, to the reported and apportioned investment in property as shown on Exhibit No. 67, Post Office Department Exhibit No. 74 was prepared. (Digest of Exhibits, p. 94, *supra*.) The results shown as to per cent of net income to railroad investment are as follows:

Passenger, 0.37 per cent; express, 0.25 per cent; and mail, 0.25 per cent. These figures are for the month of April, 1917. For one year the per cent of net income to the railway investment would therefore be for passenger 4.44 per cent, express 3 per cent, and for mail 3 per cent.

This Exhibit No. 74, sheet 1, recapitulation of Class I carriers, shows the unit results as follows:

Per cent of net income to operating revenues for passenger, 19.50; for express, 13.34; and for mail, 13.80. It shows railway operating revenues per car-mile for passenger, 28.97 cents; for express, 20.99 cents; and for mail, 22.35 cents. It shows expenditures out of operating revenues per car-mile for passenger, 23.32 cents; for express, 18.19 cents; and for mail, 19.27 cents. The resulting net income is therefore shown to be per car-mile for passenger 5.65

cents; for express 2.80 cents; for mail 3.08 cents. (Post Office Department Exhibit No. 74 and Abstract of Evidence, pp. 440-446, *supra*.)

The second part of sheet 2 of Exhibit No. 74 gives a comparison of the income account with investment in property, Exhibit No. 66, form 71, being for all carriers of Class I and Class II represented in the statistics, instead of for carriers of Class I as shown in Exhibit No. 67.

This sheet shows the following results:

Revenue per car-mile for passenger, 30.44 cents; for express, 20.98 cents; and for mail, 22.41 cents. The car-mile rate for passenger is for the whole revenue and the passenger service train revenue is stated at the bottom of column 8, at the foot of the sheet, to be 28.15 cents.

It shows expenditures out of operating revenues per car-mile to be for passenger 23.39 cents, for express 18.26 cents, and for mail 19.35 cents.

It shows the net income per car-mile to be for passenger 7.05 cents, for express 2.72 cents, and for mail 3.06 cents.

It shows the per cent of net income to operating revenue to be for passenger 23.16 per cent, for express 13 per cent, and for mail 13.64 per cent.

It shows per cent of net income to railway investment to be for passenger 0.46 per cent, for express 0.25 per cent, and for mail 0.24 per cent. These last figures are for revenues for one month, therefore for the year the per cent of net income to railway investment would be for passenger, 5.52 per cent; for express, 3 per cent; and for mail, 2.88 per cent. (Post Office Department Exhibit No. 74, p. 2, and Abstract of Evidence, pp. 446-448, *supra*.)

CERTAIN INCONSISTENCIES AND DEFECTS IN THE RAILROADS' METHOD OF HANDLING THE FINANCIAL DATA.

There is no dispute over the fact that the reports of the companies as to their financial data and the allocation and apportionment of expenditures on the basis of the space statistics as ascertained by the Department where used, produced the unit figures with respect to revenues, expenses,

and net income above stated. Where the Railroads secured other unit figures they were produced by the use of space statistics loaded by the addition of the excessive and unauthorized claims against the mails for space operation hereinbefore described, and by certain methods now to be mentioned.

(a) While the Railroads had the unit passenger car-mile revenue for the statistical period they used instead for their purposes the figure for the year, which was larger, but did not present the results for the mails for the year, which would have shown a larger net income than the statistical period showed.

(b) The unit revenue figures on Railroad Exhibit No. 3 are unduly reduced by the use of prorated car-foot miles. The Railroads reached certain unit figures with reference to total passenger train operating revenues and expenses, express revenues and mail revenues, on the basis of the use of car-foot miles equated to a 60-foot car. The effect of that is to reduce the car-foot mile revenue in all the classes of service which are performed in passenger trains. The Department used instead of equated car miles the actual car miles as shown by the statistics submitted. These car miles used by the Department were less in number than the equated car miles used by the Railroads.

(c) The Railroads apportioned value of property between freight and passenger on the ratio of operating expenses, but apportioned the value of property to the mails on the basis of car-foot miles.

(d) The Railroads disregarded the rule recently followed by the Commission with reference to the division of way and structures expenses and divided such expenses on the basis of the locomotive ton-mile ratio. This produced a much larger apportionment of these expenses to the passenger service and consequently to the mail service than the method pursued by the Department, which is described in Letter of Instruction No. 504 and was the same method used by the Commission in the *Western Passenger Fares Case* (37-I. C. C. p. 22-23).

The selection of the locomotive ton-mile basis for the separation of the unapportioned operating expenses for the primary accounts under maintenance of way and structures overweights the passenger operating expense estimate, and the results produced from such apportionment on Railroad Exhibits Nos. 3 and 4, are at fault in theory as well as method, thus increasing the estimated cost of mail service.

In Railroad Exhibits Nos. 3 and 4 there are set out, in addition to estimates based on Letter of Instruction No. 504, the same general statistics, but the undivided operating expenses for maintenance of way and structures on the carrier's reports were separated between freight and passenger services by the use of ratios for locomotive ton-miles.

The propositions advanced by the Railroads in support of their method are based upon the premise that the use of the facilities and wear and tear thereof are equal for each ton-mile whether freight or passenger. Also, that the relative cost of the use and the wear and tear is uniform for both classes of service. Without going into an argument to disprove these statements and to show that the freight locomotive ton-mile is more destructive of the roadway facilities and costs more for this reason as well as for the additional switching and terminal maintenance costs, it is only necessary to compare the train cost ratio for passenger with the locomotive ton-mile ratio for passenger, both found by reference to Railroad Exhibit No. 9 in the column headed "Division of amounts not apportioned." The ratio for passenger train cost to total train cost is found to be 31.58 per cent, while the ratio for passenger locomotive ton-miles is 40.18 per cent, or an increase of 27.23 per cent over the actual cost of passenger train operation, as nearly all the train costs are directly allocated or known costs. The directly allocated way and structures expenses give a passenger ratio of only 20.54 per cent, or approximately one-half of the passenger locomotive ton-mile ratio. In view of the many arguments supporting a train cost basis

and its use for the purpose under consideration, there seems to be no warrant for so largely overweighting the passenger expenses as the ratios above indicate.

It is therefore evident that the use of locomotive ton-miles as the basis for separating the undivided way and structures expenses as set forth on Railroad Exhibits Nos. 3 and 4, produces a result not in harmony with the directly allocated train costs or with the direct labor charges for operation, and does not respond to varying conditions requiring additional expenditures but with slower traffic movement, thus producing less ton mileage.

The effect of the use of the locomotive ton-mile ratio is not only to produce a larger passenger charge for way and structures, but also a larger passenger charge for general expenses due to the fact that these expenses are apportioned on the ratios of all other operating expenses.

For the purpose of showing the proportion of undivided expenses that have no relation to traffic, a tabulation of certain of the undivided or "not apportioned" amounts for the principal primary accounts for maintenance of way and structures has been made from the Interstate Commerce Commission statistics of Class I carriers for June 30, 1916, Statement No. 40. The classification of the accounts is in accordance with the relation to use and wear and tear of traffic operations.

Ac- count No.	Primary account.	Amount.	Total.
<i>Expenses influenced by traffic.</i>			
202	Roadway maintenance.....	\$39,811,156	
203	Roadway depreciation.....	410,261	
220	Track laying and surfacing.....	89,844,954	
272	Removing snow, ice, and sand.....	6,372,982	
	Expenses primarily for direct labor.....		\$136,439,353 (42.78%)
<i>Expenses not primarily influenced by traffic.</i>			
206	Tunnels and subways.....	1,331,732	
207	Tunnels and subways, depreciation.....	7,019	
208	Bridges, trestles, and culverts.....	28,072,877	
209	Bridges, trestles, and culverts, depreciation.....	826,522	
218	Ballast.....	8,561,369	
219	Ballast, depreciation.....	203,485	
221	Right of way fences.....	3,567,998	
222	Right of way fences, depreciation.....	304	
223	Snow and sand fences.....	387,735	
224	Snow and sand fences, depreciation.....	198	
225	Crossings and signs.....	4,538,291	
226	Crossings and signs, depreciation.....	302	
227	Station and office buildings.....	3,380,083	
228	Station and office buildings, depreciation.....	1,572	
	Expenses for labor and material, but due primarily to other causes than traffic.....		50,879,487 (15.95%)
<i>Expenses somewhat influenced by traffic.</i>			
212	Ties.....	57,148,195	
213	Ties, depreciation.....	1,059,610	
	Expenses for material due both to traffic and other causes.....		58,207,805 (18.26%)
	Total expenses above tabulated (76.99 per cent).....		245,526,645
	Total expenses not tabulated (23.01 per cent).....		73,362,013
	Total amount of expenses "not apportioned".....		318,888,658

From the foregoing it is seen that \$50,879,487 of undivided expenses have no relation to traffic and that \$58,207,805 have a relation to traffic that is subject to argument so far as the actual wear and tear is concerned, so that over 30 per cent of the way and structures expenses to be apportioned by use of locomotive ton-miles may be considered as not influenced by use or wear and tear of traffic. If to this be added the proportion for superintendence, amounting (in total unapportioned column) to \$21,949,287, it is seen that considerably over one-third of these costs are independent of traffic ratios, but on the contrary, are influenced by the general trend of cost of labor and material. It is also seen that nearly one-half of the undivided costs (42.78 per cent) are direct labor expenditures in maintaining the right of way. These labor charges are due to

traffic operations primarily and any upward trend in price of labor would extend to them as well as to the train operation. If, as has been shown, the ratio for passenger expenses is rendered excessive by use of the locomotive ton-mile basis, this increased ratio applied to increased costs for labor will overweight the passenger costs and thus add to the mail service the burden of participating in operating expenses properly chargeable to freight service.

By reference to Railroad Exhibit No. 9 it is seen that the column headed "Not related to freight or passenger" contains identical amounts for each table, with the exception of the item for general expenses, which in the table under division by locomotive ton-miles gives only \$7,101.89 as not related, thus apportioning to passenger service, at the ratio of approximately 27.79 per cent, over \$235,000 additional cost due principally to "valuation expenses," which were considered as "not related" in the first table. This amount when apportioned by use of the ratio for mail of 9.1382 per cent, gives a mail proportion of \$21,474.77 per month or approximately a quarter of a million dollars per year, as the table represents only 140 Class I carriers. It is contended by the Department that this charge is excessive when taken in whole for the single month, and at least should be a "deferred charge" against operations; but in the question of rate-making it should be considered as wholly unrelated to the case.

The same criticisms apply to the tables on Railroad Exhibits Nos. 3 and 4 based on locomotive ton-miles as are made with regard to the tables based on Letter of Instruction No. 504 and train-cost basis for separation of expenses for way and structures. The same theories and methods were used in both calculations, which have been shown to be faulty and the results excessive.

THE POST OFFICE DEPARTMENT'S PROPOSED PLAN FOR RAILWAY MAIL PAY.

On the part of the Postmaster General and the Department it is submitted that the operation of the service under the space-basis system has satisfactorily established the advantages and superior merits of that system over the

weight-basis system. The facts briefed and set forth hereinbefore detail the particulars in which this is true. The space-basis system for the payment for the service performed by the Railroads in the carriage of the mails and the performance of the service in connection therewith should be approved by the Commission.

Accordingly the Post Office Department submitted at the hearing a proposed plan for the continuation of the space-basis system with such changes and modifications as the experience during the operation of the service under such system had suggested. The terms of the proposed plan are set forth in Post Office Department Exhibit No. 76, pages 95-97, *supra*.

Below is a brief explanation of the principal features:

REGULAR AUTHORIZATIONS.

The proposed plan for making regular authorizations follows the present plan with the modification that a change in an apartment car authorization may be made only at points where operating conditions of the train in question will permit it, under such provisions and regulations as the Interstate Commerce Commission may prescribe.

The operation of the service under this modified provision, and the difference between such operation and the present practice, and also the conditions under which such changes of authorizations should be made, are all discussed by Witness Brauer for the Department, which discussion is found in Abstract of Evidence, pages 465-474, *supra*.

EMERGENCY AUTHORIZATIONS.

The proposed plan provides for the authorization of emergency units of space in units of 3, 7, 15, or 30 feet without duplication or grouping. In other respects the present practice is continued.

This is a change from the present practice whereby the units are grouped so as to produce a gradation of 1 foot, increase or decrease. This practice was the subject of much of the criticism made by the Railroads at the hearing

in this case, and the Department believes that its elimination is justified, not on account of the reasons urged by the Railroads as affecting the merits of the practice, but because its elimination will remove a cause of irritation and unnecessary detail in reporting and authorizing emergency units. It has been found that the use of the units prescribed without duplication or grouping will, on the average, produce substantially the same results as the system of grouping.

The explanation of the operation of this change is made by Witness Brauer for the Department in Abstract of Evidence, pages 474-476, *supra*.

Further provision is made for the authorization of a 60-foot car to be paid for on the basis of the round trip if not used by the carrier in the opposite direction, when a regularly authorized unit of storage or closed-pouch space, combined with an emergency unit, necessitates the use of 30 feet or more of linear space in a baggage or storage car used exclusively for the mails.

The explanation of the operation of this provision and the particulars in which it differs from the present practice are set forth in the testimony of Witness Brauer for the Department in Abstract of Evidence, pages 476-482, *supra*.

Further provision is made for the authorization of the next higher unit when the regular authorization is exceeded 60 per cent or more of the trips during a period of 30 consecutive days.

Detailed explanation of the operation of this provision is set forth in the testimony of Witness Brauer for the Department in Abstract of Evidence, pages 482-484, *supra*.

UNDERSIZED CARS.

Provision is made for payment at pro rata for a railway post-office car or an apartment car which is deficient in length but otherwise standard. In computing the pay the major portion of a foot will be regarded as a full foot and one-half of a foot or less will be disregarded.

This eliminates the troublesome practice in such cases of computing the pay on the basis of inches.

DEFICIENCY IN STORAGE SPACE.

Provision is made for pro rata pay in the same manner as for cars deficient in length, where the railway post-office car or apartment car is of standard length but deficient in storage space.

This eliminates the troublesome practice of counting the pouches and sacks that may be carried in the storage part of the car and the assignment of the remaining number of sacks of the quota proper to the unit authorized to the baggage car for the purpose of receiving the full benefit of the prescribed storage space that should be found in the car.

OVERSIZE CARS.

Provision is made for the authorization of storage units on the basis of actual measurement, when an oversize car is furnished.

This eliminates the troublesome practice of counting the pouches and sacks, and substitutes actual measurement of space as the guide of authorization.

Detailed explanation of the operation of this provision is given in the testimony of Witness Brauer for the Department, Abstract of Evidence, pages 484-486, *supra*.

SIDE, TERMINAL, AND TRANSFER SERVICE.

Provision is made for compensating the railroads separately from the line rate, for the performance of side, terminal, and transfer service, where such service is required by the Post Office Department. The additional compensation shall be the amount paid for the service to contractors and for the value of the actual time of the Railroads' employees while engaged in carrying the mails, and includes reasonable cost of vehicular service.

Full discussion of side and terminal service and the reasons for continuing the practice of requiring the Railroads to perform the same under some conditions, are set forth in the testimony for the Department, Abstract of Evidence, pages 486-491, *supra*.

MERGER OF RATES.

Provision is made for merging the initial and terminal allowances with the line rate.

By reference to Post Office Department Exhibit No. 5, showing the annual rates of line pay and initial and terminal allowances by units of service authorized during the statistical period, the proportion of the line rate and initial and terminal allowance in each case will be found. They are as follows:

Class of service.	Line pay.	Initial and terminal allowance.
	<i>Per cent.</i>	<i>Per cent.</i>
60-foot full R. P. O. cars.....	95.35	4.65
30-foot apartment R. P. O. cars.....	90.26	9.74
15-foot apartment R. P. O. cars.....	73.10	26.90
60-foot storage cars.....	96.73	3.27
30-foot storage space.....	93.43	6.57
15-foot storage space.....	89.64	10.36
7-foot storage space.....	91.33	8.67
3-foot storage space.....	84.37	15.63
7-foot closed-pouch space.....	87.35	12.65
3-foot closed-pouch space.....	74.34	25.66

The purpose of providing a separate initial and terminal allowance was to compensate for the short hauls. Neither the Department nor the Railroads found it practicable to make an ascertainment of the proper allowance to be made in these cases. It is doubtful whether the present allowances accomplish the intended purpose. Both the Railroads and the Department have recommended the merger of the rates.

Testimony on the part of the Department is found in Abstract of Evidence, pages 491-493, *supra*.

THE RAILROAD'S PROPOSED PLAN.

Railroad Exhibit No. 57.

THE RAILROADS' PROPOSAL FOR RATES BASED UPON WEIGHTS IS A RETURN TO AN OLD AND UNSATISFACTORY SYSTEM.

The Railroads' proposal involves a return to the old system of a double standard, but with new features inequitable and especially objectionable to the Department. It attempts to recognize the space-basis system as applicable

to distribution facilities; but for such facilities, limits the Department to the sizes of cars now constructed and operated by the Railroads, and commits the operation of the service to those units only. It provides excessive rates for these distribution units, based, not upon cost, but upon passenger car-mile revenue, and, furthermore, this rate is to be increased by the ratio of the excessive claims for unauthorized and unused space made by the Railroads, hereinbefore described.

The plan attempts also to recognize the weight basis, but differs from the old plan in basing rates upon a ton-mile instead of an average daily weight basis. Furthermore, it provides for a double payment for all mails carried in the prescribed distribution units—that is, payment on the basis of the distribution unit and in addition thereto on the basis of the weight of the mails so carried in such units.

The proposed rates do not produce equitable results as between the companies, and this is evident from the fact that the Railroads found it necessary to couple with them a so-called service rate for closed-pouch service in order that pay for such service might be raised to a level considered adequate. (Carriers' Plan for Railway Mail Pay—Abstract of Evidence, pp. 494, 495, *supra*.)

THE RAILROADS' PROPOSAL OF A 3-CENT RATE FOR CLOSED-POUCH SERVICE IS AN UNNECESSARY COMPLICATION AND UNJUSTIFIED BECAUSE PRODUCTIVE OF UNREASONABLE RESULTS.

The Railroads' proposed plan provides for an additional service-rate of 3 cents per train-mile on short-line railroads, or branch trains of other railroads, and on other trains of other railroads not otherwise described where there are no postal clerks on the train and the mails are carried in the baggage car and are handled exclusively by the baggage-men.

If it was intended by this provision to additionally compensate the short lines and give them additional pay for the special service of handling closed pouches, that pur-

pose would not be accomplished. On the contrary, it would add comparatively little to the pay of the short lines. On the exclusively closed-pouch routes it would add less than \$700,000 and the short lines as a whole would receive less than \$1,000,000 per annum, while the large lines would receive nearly \$4,000,000 additional per annum.

On the short lines the baggagemen take on and put off mails at almost every station; but on the trunk lines there are many examples of trains carrying only closed pouches operating over distances from 200 to over 1,000 miles, and in many instances a greater distance, where the actual service by the railroad beyond the hauling of the mail amounts to little, the exchange points being very few and the amount of work performed by the baggagemen negligible. The pay provided for by the railroad plan at 3 cents a mile would be grossly disproportionate to the service rendered or the benefit received. The plan would produce remarkable and wholly unjustified results. For instance, on the Oregon Short Line, train 4 carries pouch mail between Portland, Oreg., and Green River, Wyo., a distance of 931 miles. On that trip 18 exchanges of closed pouches are made which would cost the Department \$10,194.45 per annum over and above the compensation otherwise received on the basis of the weight of these identical mails at weight-basis rates.

Other examples are detailed in the evidence; as, for instance, the closed-pouch service between Los Angeles, Calif., and Del Rio, Tex., on trains 101 and 102, Southern Pacific Railway, over a distance of 1,263 miles. Over this entire distance the mails are received at only 3 points and delivered at only 10 points. This service would cost the Department and pay the Railroad \$27,659.70 per annum in addition to the weight-payment for the identical mails.

Numerous instances of this kind, resulting from the application of this provision of the Railroads, are given in the testimony of Witness McBride for the Department. The statement of the additional pay which would go to the large systems is a remarkable showing. The items are set forth on pages 502,503 of Abstract of Evidence, *supra*. They

range all the way from \$9,000 per annum to \$169,000 per annum for system, respectively. This pay is grossly out of proportion to the services rendered by the Railroads or the benefit received by the Department.

The Department's objections to this feature, and the inequitable results of its application, are detailed by Witness McBride for the Department. (Abstract of Evidence, pp. 496-505, *supra.*)

THE RAILROADS' PLAN OF AUTHORIZATION OF DISTRIBUTION SPACE, AND BASIS FOR PAY THEREFOR.

The claim of the Railroads that their plan for authorizing distribution space in accordance with the size of cars now constructed and operated would be easily adjusted to distribution needs and eliminate causes for disagreement, is denied by the Department's witnesses. Practical men of the service testified that the plan not only would not justify the claims of the railroads in these respects but would be less easily adjusted to distribution requirements and would multiply the causes for disagreement. The plan provides eight different sizes of distribution units. It was particularly emphasized by the members of the Bourne Commission that the operation of the three-unit plan adopted by Congress would result in reducing the opportunities for controversies between the Department and the Railroads. This feature was the subject of much discussion from every point of view before a determination was reached. The Railroads' plan now proposed would increase the number of these units from 3 to 8, which would increase in the same ratio the causes for possible disagreement.

The plan would not eliminate causes for controversies over authorizations; the same controversies with reference to the discontinuance of distribution space would exist under the proposed system as under the old system.

Furthermore, the plan recognizes existing sizes of cars as standard units and would put an end to the standardization of cars upon any other basis. (Abstract of Evidence, pp. 505-508, *supra.*)

The Railroads' basis for pay for the distribution units of space provided in their plan is fundamentally wrong in two essential particulars, namely: First, the basis adopted is not the basis of cost plus a reasonable return or its equivalent, but is the average car-mile revenue for passenger service; second, this revenue alone is not taken as a basis but is improperly increased by the ratio of the excessive claims for unauthorized and unused space made by the Railroads for the several classes of service involved and referred to hereinbefore.

With respect to the first objection, the plan abandons the entire purpose of this inquiry so far as it was expressed in the efforts of the Department and the Railroads to secure statistical information upon which to make a cost estimate. No explanation has been given by the Railroads for this abandonment of the principle and the methods employed. It possibly may be found in the fact that a result secured by the consideration of cost plus a reasonable return as presented by the Department necessarily produces a much lower rate of compensation than the passenger car-mile revenue plus the increases which the railroads have used.

It is submitted that the only conditions under which car-mile revenue could be taken as a basis, with proper reductions, would be where there were no statistics available, or where no ascertainment had been possible as to cost of performance of service. These conditions do not exist in the present inquiry, and the Department and the Railroads have expended a large amount of money, made a great effort, and have been subject to long delay for the very purpose of securing the necessary data and compiling the statistics upon which a cost estimate could be made.

Furthermore, the revenue-car-mile basis, representing another class of service which is entirely different from the mail service in all essentials excepting the mere operation of trains, and without any evidence whatever as to relation between cost and revenue, is fundamentally unsound.

Not only is the Railroads' method objectionable upon this ground, but the car-mile-revenue rate has been aug-

mented by the ratio representing the excessive claims based on unauthorized and unused space charged against the mails.

For distribution space in the full cars they have increased the passenger-car-mile revenue rate by 4.2 per cent, representing excessive claims for unauthorized operation of full cars. For apartments in cars they have increased the passenger-car-mile revenue rate by 44 per cent, representing their excessive claims for unauthorized and unused space in connection with the operation of those cars.

According to this plan the Department must not only pay these excessive and unwarranted rates for distribution space which it might need, but it must pay the rates for the distribution space found in the cars as now constructed and operated by the Railroads, without regard to the question as to whether such space and operation in all cases accurately measures the needs of the Postal Service. In this connection it should be noted that the Railroads' plan proposes to require the Department to pay for the additional linear feet found in the 70-foot car, although the distribution facilities in such cars are substantially no greater than those provided in a standard 60-foot car. (Abstract of Evidence, pp. 508-512, *supra*.)

THE RAILROADS' PROPOSITION PROVIDES THAT THE DEPARTMENT SHALL PAY FOR THE MAXIMUM AUTHORIZATION OF DISTRIBUTION SPACE AS FAR AS THE CAR IS USED FOR ANY DISTRIBUTION.

Not only does the Railroads' plan involve the payment of an excessive rate for the units of distribution space the Railroads happen to have, but their plan further provides that the Department shall pay for the maximum authorization of distribution space between points between which any distribution space is used at all. This plan entirely ignores the equities in favor of the Department arising from the actual needs of the service and unjustly resolves all the questions involved in favor of the Railroads. (Abstract of Evidence, pp. 513, 514, *supra*)

THE RAILROADS' PROPOSAL FOR WEIGHINGS IS SUBJECT TO THE OBJECTIONS TO THE OLD SYSTEM; AND TO THE ADDITIONAL OBJECTIONS AGAINST WEIGHING BY RAILROAD EMPLOYEES.

The Railroads' plan of payment on the basis of weights involves the weighing of the mails, the tabulation of such weights, and the computation of the pound-miles in precisely the same manner and to the same extent as was necessary under the old weight-basis system. A detailed description of this method and the requirements under it are stated by Witness McBride for the Department in Abstract of Evidence, pages 520-523, *supra*. This being true, the impracticability of conducting such a weighing by means of railroad employees and ascertaining the necessary results will become apparent upon a consideration of what is involved.

The restoration of the weight-basis system would again bring to the front all of its deficiencies, its lack of flexibility, and its inability to compensate the Railroads for unusual conditions of service. The files of the Department are full of cases where it was impossible to recompense companies where they were compelled to transport large quantities of mail not carried by them during a weighing period. Such cases are given in the evidence of Witness McBride for the Department, Abstract of Evidence, pages 520-523, *supra*. No such difficulty exists under the space-basis system; in fact, one of its conspicuous advantages is that every condition of service is accurately and adequately met and the service performed paid for.

It is wholly impracticable to conduct a weighing of the mails by railroad employees in the manner necessary to produce the results required, without substantially duplicating the supervision and cost by the Post Office Department necessary under a weighing conducted by employees of the Postmaster General. There would be no economic advantage, therefore, in utilizing railroad employees to weigh the mails. There are many points at which the mails could not be weighed in this manner, where the Department would still have to employ weighers or require the employees of the Postal Service to conduct the weighing.

It would be practically impossible to secure and balance the weights under the railroad plan. Investigation of dis-

crepancies are always necessary under any weighing system and these would be unsatisfactory if not impracticable, owing to frequent changes of personnel over which the Department would have no control. (Abstract of Evidence, pp. 523-531, *supra*.)

COST OF WEIGHING.

A return to the weight-basis system would involve the cost of weighing which has been eliminated under the space-basis system. Detailed evidence is given in the record as to the number of employees necessary to carry on such a weighing and tabulate the results, and the cost is given in the exhibits. (Abstract of Evidence, pp. 532, 533, *supra*, and Digest of Exhibits, p. 64, *supra*.)

RAILROAD EMPLOYEES SHOULD NOT BE PERMITTED TO WEIGH THE MAILS.

Prior to 1875 railroad employees weighed the mails under the orders of the Postmaster General. By the act of March 3, 1875, Congress abolished such weighings and directed that the Postmaster General should have the mails weighed by employees of the Post Office Department, under such instructions as he should consider just to the Department and to the Railroads. No doubt Congress had sufficient reasons for providing by law for this change. The officers of the Department are of the opinion that if weight shall be determined the proper measure of service, it would be inadvisable to depart from the practice of the last 30 years.

There are special objections to weighings by railroad employees. The system would involve complicated accounting and multiplication of reports. It would involve handling a great many reports and the transfer of many items from these reports to some sort of a consolidating sheet or card for each train. As an example of the work that would be involved under the Railroad's plan the evidence shows an estimate of the number of reports to be handled and the number of entries to be transferred to sheets or cards in connection with the weights on a particular train for a route named during a period of 35 days. On the route in question there are 39 points where mails are received and dispatched. Mul-

tipling this by 35 gives a result of 1,365 reports to be handled in order to get the weights for this train for the period. At most stations mails are both put on and put off and there would necessarily be two reports for each station, duplicating the above number of reports. This is in contrast with the simple requirements where all the weights are taken by post-office employees.

Under a weight system which would require the weighing of all routes during the same period annually, the readjustments would be indefinitely postponed, and the pay to the Railroads could not be stated for many months after the weighing occurred. An idea of the length of time that would be required to complete the tabulation and adjustments under an annual weighing may be gathered from the Department's experience in connection with the special weighing in the spring of 1917. That was conducted under short-cut methods. All railway mail routes were weighed for 35 days, and in this respect it is comparable with the Railroads' proposed plan covering the same length of time. The tabulations and consolidations connected with that weighing, notwithstanding the fact that there was a very large force of clerks employed, consumed nearly nine months following the completion of the weighing. In fact, covering both space and weight routes, it was not finished for more than a year. With the use of the best methods it is estimated that the work in connection with an annual weighing could not be finished in less than six months. (Abstract of Evidence, pp. 532-541, *supra*.)

DIVERSIONS OF MAILS GIVE RISE TO UNSETTLED DIFFICULTIES.

The law authorizes the reweighing of diverted mails in order that a readjustment of the pay involved may be made; but in any event the service cannot be stabilized immediately following a diversion of the mails, and no weighing can be had which will be representative until that occurs. The result is, that months may elapse before the facts can be secured and the readjustment made.

Furthermore, the right of the Postmaster General, under this statute, to weigh only the diverted mails as distin-

guished from all the mails carried upon the route, has been called in question by the Railroads in a test case pending in the courts. (Abstract of Evidence, pp. 541, 542, *supra. Missouri, Kansas & Texas Ry. Co. v. U.S., Ct. Cl. No. 32573.*)

UNUSUAL CONDITIONS CAN NOT BE MET UNDER A WEIGHT-BASIS SYSTEM.

All unusual conditions existing during the weighing period which affect the weight of mails carried over a route are necessarily reflected in the rate of compensation allowable upon such weighings. In the past, unusual conditions, such as floods, the San Francisco earthquake, etc., have exerted such an influence upon the weights of mail carried over the respective routes that Congressional legislation has been necessary to enable the Department to do justice to the carriers. (Abstract of Evidence, pp. 542-544, *supra.*)

THE WEIGHT-BASIS SYSTEM GIVES NO RECOGNITION TO FREQUENCY OF SERVICE, WHICH IS EXACTLY COMPENSATED FOR UNDER THE SPACE-BASIS SYSTEM.

A fundamental defect in the weight-basis system is its inability to give any recognition to frequency of service. This defect lies at the very foundation of the system and is impossible of correction except by the adoption of a measure of service gauged on space and frequency. The space-basis system accomplishes this as no other device can.

The complete failure of the weight-basis system to give any consideration whatever to frequency of service is shown by the data published in the reports of the Postmaster General for the years 1912, 1913, 1914, and 1915, with respect to the adjustment of compensation for carrying the mails on the several railroad-mail routes in the United States. These data contained in Table B of the reports cover the readjustments made for the four contract sections.

A tabulation has been made from the reports of the frequency of service, by classification of routes based on average daily weights carried; such classification being by average daily weights named in the act of 1873 to which the several rates of pay provided by that act are applied. The results are shown in the following tabulation.

Statement showing the frequency of service on railroad mail routes classified according to the average daily weight carried, to which the rates named in the act of 1873 (and amending acts) are applied.

[Compiled from the annual reports of the Postmaster General for the years 1912-1915.]

Classification of routes.	Frequency of service—trips per week.														
	3.00 to 6.00.	6.01 to 9.00.	9.01 to 12.00.	12.01 to 15.00.	15.01 to 18.00.	18.01 to 21.00.	21.01 to 24.00.	24.01 to 27.00.	27.01 to 30.00.	30.01 to 33.00.	33.01 to 36.00.	36.01 to 39.00.	39.01 to 42.00.	42.01 to 45.00.	45.01 to 48.00.
<i>Average daily weight.</i>	Number of routes of the frequency named above.														
1 to 211 pounds.....	1	292	122	100	113	41	20	10	5	3	3	2	2	2	2
212 to 519 pounds.....	116	131	155	166	77	49	24	10	24	10	5	5	5	5	2
520 to 1,019 pounds.....	44	85	99	134	41	51	12	10	10	12	6	6	6	6	1
1,020 to 1,519 pounds.....	12	33	51	72	28	19	8	3	10	3	10	3	2	2	1
1,520 to 2,059 pounds.....	4	19	14	40	19	19	7	5	5	5	2	2	2	2	1
2,060 to 3,559 pounds.....	3	18	16	51	32	35	16	10	10	9	7	3	4	1	1
3,560 to 5,079 pounds.....	4	4	2	26	14	23	4	6	6	3	5	1	2	2	3
5,080 to 48,103 pounds.....	3	4	6	35	25	29	29	42	53	25	38	27	15	11	6
48,104 pounds and above.....	.....	.....	.....	1	.....	.....	.....	1	3	5	2	1	2	2	5
Group totals.....	474	416	533	638	277	245	124	126	75	75	51	49	32	22	19

¹ Includes 2 routes having an average of 2 trips per week.

Classification of routes.	Frequency of service--trips per week.															
	48.01 to 51.00.	51.01 to 54.00.	54.01 to 57.00.	57.01 to 60.00.	60.01 to 63.00.	63.01 to 66.00.	66.01 to 69.00.	69.01 to 72.00.	72.01 to 75.00.	75.01 to 78.00.	78.01 to 81.00.	81.01 to 84.00.	84.01 to 87.00.	87.01 to 90.00.	90.01 to 93.00.	
	Number of routes of the frequency named above.															
<i>Average daily weight.</i>																
520 to 1,019 pounds.....	2															
1,020 to 1,519 pounds.....		1	1	1	2	1										
1,520 to 2,059 pounds.....		3	3	1												1
2,060 to 3,559 pounds.....	2				1	1										
3,560 to 5,079 pounds.....		4	3	2	1	1	2	1	1	1	1	2	1	1		
5,080 to 48,103 pounds.....	3	3	2	2	1	3	2	2	2	2	1	1	1	1		
48,104 pounds and above.....																
Group totals.....	11	10	10	7	7	6	4	5	3	3	1	3	1	1	1	1

Statement showing the frequency of service on railroad mail routes classified according to the average daily weight carried, to which the rates named in the act of 1873 (and amending acts) are applied—Continued.

Classification of routes.	Frequency of service—trips per week.															
	96.01 to 99.00.	102.01 to 105.00.	108.01 to 111.00.	111.01 to 114.00.	114.01 to 117.00.	123.01 to 125.00.	126.01 to 129.00.	129.01 to 132.00.	132.01 to 135.00.	135.01 to 138.00.	150.01 to 153.00.	171.01 to 174.00.	177.01 to 180.00.	201.01 to 204.00.	300.01 to 400.00.	
<i>Average daily weight.</i>																
1,020 to 1,519 pounds.....				1												
3,560 to 5,079 pounds.....																11
5,080 to 48,103 pounds.....	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	32
48,104 pounds and above.....	1	1														
Group totals.....	2	3	1	1	1	1	2	1	1	2	1	1	1	1	2	2

Number of routes of the frequency named above.

1 210.39 trips per week.

2 203.47 trips per week.

3 One at 305.58 trips per week, one at 399.19 trips per week.

SUMMARY BY AVERAGE DAILY WEIGHT GROUPS.

	Total number of routes.	Totals by contract sections.			
		First.	Second.	Third.	Fourth.
1 to 211 pounds.....	799	239	184	152	224
212 to 519 pounds.....	775	197	141	173	264
520 to 1,019 pounds.....	519	137	66	128	188
1,020 to 1,519 pounds.....	261	70	26	66	99
1,520 to 2,059 pounds.....	144	26	18	52	50
2,060 to 3,559 pounds.....	217	49	20	72	76
3,560 to 5,079 pounds.....	105	27	9	35	34
5,080 to 48,103 pounds.....	379	75	46	138	120
48,104 pounds and over.....	52	14	2	20	16
Aggregate number of routes tabulated.....	3,251	834	510	836	1,071

This tabulation shows, for instance, that for routes carrying an average daily weight of from 1 to 211 pounds there were 292 with an average frequency of 3 to 6 trips a week, 122 with an average frequency of 6.01 to 9 trips a week, 190 with an average frequency of 9.01 to 12 trips a week, etc. The great inequality of pay, considered with reference to the frequency of service where the same average weight was carried, is shown throughout the table. For instance, for routes carrying from 5,000 to 48,000 pounds average daily weight, 3 have a frequency of 3 to 6 times a week, 4 a frequency of 6 to 9 times a week, 6 a frequency of 9 to 12 times a week, 35 a frequency of 12 to 15 times a week, 25 a frequency of 15 to 18 times a week, 29 a frequency of 18 to 21 times a week, 42 a frequency of 21 to 24 times a week, 53 a frequency of 24 to 27 times a week, 25 a frequency of 27 to 30 times a week, 38 a frequency of 30 to 33 times a week, 27 a frequency of 33 to 36 times a week, 26 a frequency of 36 to 39 times a week, 15 a frequency of 39 to 42 times a week, 11 a frequency of 42 to 45 times a week, 6 a frequency of 45 to 48 times a week, 4 a frequency of 48 to 51 times a week, 3 a frequency of 51 to 54 times a week, 2 a frequency of 54 to 57 times a week, 1 a frequency of 57 to 60 times a week, 1 a frequency of 60 to 63 times a week, etc. Notwithstanding this great variation in frequency of service, which means operation of car-miles in carrying the same average daily weight, all these routes were paid substantially the same compensation for the service performed.

For testimony of Department's witness upon the subject of frequency, its nonrecognition by the weight-basis system, and its complete recognition by the space-basis system, see Abstract of Evidence, pages 544-547, *supra*.

THE RAILROADS' PLAN INVOLVES DOUBLE PAYMENT FOR CARRIAGE OF PART OF THE MAILS AND THE TRANSFER OF THE HANDLING OF SOME MAILS FROM THE RAILROAD EMPLOYEES TO THE POSTAL CLERKS.

As pointed out hereinbefore, the Railroads' plan involves double payment for all mails carried in the distribution units. This arises from the fact that the plan provides payment for not only the distribution units as such, but provides payment on the weight basis for all the mails carried therein.

The plan further involves the transfer of the duty of handling storage mails now carried in baggage cars, from the railroad employees to the postal employees where such mails would be carried in the distribution units. (Abstract of Evidence, pp. 547-550, *supra*.)

CONSIDERATION OF BASIS FOR RATES.

THE PRESENT RATES.

Before giving consideration to the question of proper rates for the carriage of the mails it is desirable to call attention to the present rates. The maximum rates for the several classes of service are stated in the act of 1916 (Appendix C, pp. 764-772) and the various exhibits of the Post Office Department. Below are stated the resultant rates for mail service at the statutory rates, under the authorizations as of March 27, 1917. There is also shown the effect of space-basis pay on railroad mail pay to certain short line railroads. Reference is also made to the rates of pay under the weight-basis system.

MAXIMUM STATUTORY RESULTANT RATES PER MILE FOR
AUTHORIZED UNITS AND UNITS EQUATED TO 60-FOOT
SPACE.

Post Office Department Exhibit No. 5 shows, *inter alia*, as of March 27, 1917, the resultant rates per mile of service authorized for each unit, as follows:

	Cents.
60-foot full R. P. O. cars.....	21. 43
30-foot apartment R. P. O. cars.....	11. 94
15-foot apartment R. P. O. cars.....	8. 14
60-foot storage cars.....	21. 31
30-foot storage space.....	10. 79
15-foot storage space.....	5. 72
7-foot storage space.....	2. 63
3-foot storage space.....	1. 22
7-foot closed-pouch space.....	3. 36
3-foot closed-pouch space.....	1. 99

When equated to a 60-foot space basis the rates are as follows:

	Cents.
60-foot full R. P. O. cars.....	21. 43
30-foot apartment R. P. O. cars.....	23. 89
15-foot apartment R. P. O. cars.....	32. 57
60-foot storage cars.....	21. 31
30-foot storage space.....	21. 58
15-foot storage space.....	22. 88
7-foot storage space.....	22. 58
3-foot storage space.....	24. 45
7-foot closed-pouch space.....	28. 84
3-foot closed-pouch space.....	39. 82

Taking the rate for the 60-foot railway post-office car as the standard (100 per cent), the resultant common-unit rates for full and apartment railway post-office cars stand as follows:

	Per cent.
60-foot full R. P. O. cars.....	100
30-foot apartment R. P. O. cars.....	111
15-foot apartment R. P. O. cars.....	152

Taking the rate for the 60-foot storage car as the standard (100 per cent), the resultant common-unit rates for storage and closed-pouch space stand as follows:

	Per cent.
60-foot storage cars.....	100
30-foot storage space.....	101
15-foot storage space.....	107
7-foot storage space.....	106
3-foot storage space.....	115
7-foot closed-pouch space.....	135
3-foot closed-pouch space.....	187

The resultant ton-mile rates for the several units of service, as of the same date, shown in Post Office Department Exhibit No. 52 (Digest of Exhibits, etc., p. 84, *supra*), were as follows:

60-foot R. P. O. cars.....	8.44
30-foot apartment R. P. O. cars.....	14.27
15-foot apartment R. P. O. cars.....	30.38
60-foot storage cars.....	3.25
30-foot storage space.....	3.28
15-foot storage space.....	3.07
7-foot storage space.....	2.64
3-foot storage space.....	3.07
7-foot closed-pouch space.....	} 5.79
3-foot closed-pouch space.....	

EFFECT OF SPACE BASIS OF PAY ON THE RAILROAD MAIL PAY TO CERTAIN SHORT-LINE RAILROADS.

The effect upon the pay to certain short-line railroads produced by changing the basis of pay from the weight system to the space system at the rates allowable in each instance is shown by Post Office Department Exhibit No. 13.

This exhibit shows the roads of the character named by two classes—(1) those 50 to 100 miles in length and (2) those less than 50 miles in length. The pay is shown for October 31, 1916, under the weight basis; for November 1, 1917, under the space basis; and for February 15, 1918, under the space basis after the conditions of service and pay become stable, and the net increase or decrease over or under pay October 31, 1916.

For the class of roads 50 to 100 miles in length the totals are as follows:

Pay Oct. 31, 1916.....	\$476,246.36
Less pay on routes discontinued after Nov. 1, 1916.....	468,213.30
Pay Nov. 1, 1916.....	537,578.84
Pay Feb. 15, 1918.....	468,632.56
Net increase.....	419.26
Average length of route.....miles..	74.55

For the class of roads less than 50 miles the table shows as follows:

Pay Oct. 31, 1916.....	\$242,663.91
Less pay on routes discontinued after Nov. 1, 1916.....	241,041.98
Pay Nov. 1, 1916.....	343,809.58
Pay Feb. 15, 1918.....	252,653.16
Net increase.....	11,611.18
Average length of route.....miles..	32.48

The net total increase for the two classes combined is \$12,030.44.

RATES OF PAY UNDER THE WEIGHT-BASIS SYSTEM.

The rates of pay provided for by the acts of 1873, 1876, 1878, and 1907 (the statutes naming maximum rates for specified average daily weights of mails carried) vary greatly per ton-mile of service. They are arranged on a sliding scale applicable to 200, 500, 1,000, 1,500, 2,000, 3,500, 5,000 pounds, and over 5,000 and less than 48,000, and above 48,000 pounds. The Postmaster General has allowed pay for the intermediate weights between these amounts carried at rates named in the regulation. (See note following sec. 1319, P. L. & R., 1913 ed.) Such intermediate rates are pro rata based upon the rate named in the statute for the weight up to the next rate step, as \$50 for 499 pounds subject to the reductions provided for.

Post Office Department Exhibit No. 17 shows the ton-mile rates of pay when the entire service was on the weight basis, for each class determined by the weight steps named in the act of 1873. Exclusive of the additional pay allowed for full railway post-office cars by the act of 1876, the exhibit shows ton-mile rates to run from \$1.4924 for 211 pounds or less to \$.0576 for 48,104 pounds and over.

Including the additional pay for full railway post-office cars the ton-mile rates run from \$1.4924 for 211 pounds or less to \$0.0661 for 48,104 pounds and over.

When the major part of the railroad mail service was stated on the space basis of pay, a number of the closed-pouch routes were continued on the weight basis. (Statement of the Postmaster General, pp. 661-687; Post Office Department Exhibits Nos. 10 and 21.)

It is informing to show the ratio of the pay for this service as continued at the rates allowed for weight routes, to the pay that would be allowed for the same statement of service on such routes at the rates allowed for space pay under the act. of July 28, 1916. For this purpose Post Office Department Exhibit No. 45 was prepared to show for each weight route and the total for all, the estimated annual rate of pay on the weight routes at space basis pay. The ratio between estimated space basis pay as shown by Exhibit No. 45 and the weight basis pay for these routes is 43.375 to 64.044.

FAIR AND REASONABLE RATES FOR THE SERVICE.

CONSIDERATIONS JUSTIFYING LOWER THAN COMMERCIAL RATES.

The conditions under which the Railroads carry the mails justify a material reduction from a rate which under ordinary circumstances would be appropriate.

In the construction and maintenance of their roads as highways under public sanction the Railroads perform a function of state. (*Olcott v. Supervisors*, 16 Wall., 678, 694; *Louisville and Nashville R. R. Co. v. Kentucky*, 161 U. S., 677, 696; *Lake Shore and Michigan Southern Ry. Co. v. Ohio*, 173 U. S., 285, 302; *The Five Per Cent Case*, 31 I. C. C., 357.)

The transportation of the mails is wholly unique and is performed under conditions which justify the consideration of rates upon bases different from those applying to other transportation. Among these are the following:

Railroads are not common carriers of the mails. In the transportation of the mails they are performing a

governmental function. *Bankers Mutual Casualty Co. v. Minneapolis, St. Paul & S. Ste. Marie Ry.*, 117 Fed., 434; 54 C. C. A., 608; *Texas & Pac. Ry. Co. v. U. S.*, 28 Ct. Cl. 379; *Minneapolis & St. L. Ry. Co. v. U. S.*, 24 Ct. Cl. 350; *Atchison, Topeka & Santa Fe Ry. Co. v. U. S.*, 225 U. S., 640.)

Under the provision of the Constitution of the United States the Congress is given express authority to establish post offices and post roads. This express authority and the implied authority, which is involved therein, gives to Congress complete monopoly of the mail service to the extent to which it sees fit to act by legislation.

Congress by various acts has provided for a postal establishment, and has declared all railroads to be post roads. (Appendix C.)

Prior to the act of July 28, 1916, Congress had not required the railroads to carry the mails under penalty for refusal. That act made such provision in connection with the authority conferred upon the Postmaster General to require such transportation of the mails by railroads and the incidental services in connection therewith; and further providing that the Interstate Commerce Commission shall fix the fair and reasonable rate for such services.

The public policy which has apparently determined the action of Congress in dealing with railroad mail rates in the past, has distinctly recognized the exceptional character of the subject. In the act of July 28, 1916, *supra*, this recognition is still further and specifically expressed as follows:

In fixing and determining the fair and reasonable rates for such service the Commission shall consider the relation existing between the railroads as public-service corporations and the Government, and the nature of such service as distinguished, if there be a distinction, from the ordinary transportation business of the railroads.

Thus Congress has specifically referred these questions to the Commission for special consideration as to their nature and character and their influence upon the fixing and the determination of the fair and reasonable rates for the mail service.

The service of the transportation of the mails is different from any other transportation service in certain essential particulars. Unlike every other service the railroads do not carry the mails as common carriers, but act as agencies performing a governmental function. In this respect no other service rendered by the railroads is comparable with it. For this reason, as well as others, the considerations applicable to commercial relations between carrier and shipper are not controlling as in other cases. Commercial rates have generally been fixed upon bases which give consideration to many elements, including competition, long and short hauls, the value of the service, density of traffic, density of load, etc. The freight service is related exclusively to commerce. The mail service has from its inception been paid for at rates of compensation into which none of the elements referred to have entered. There is no question of competition involved; the influence of long and short hauls is not operative; the commodity is of a uniform character and homogeneous in its nature; there is no other commodity with which it compares directly in service rendered or character of article transported excepting express in a measure. Furthermore the mail service is not a commercial business in any sense, but is a function of Government. Neither is it conducted by a utilization of the same facilities which are devoted to the freight business; it is performed almost entirely in the passenger trains. The function of a passenger train is to transport passengers, and only incidentally express and mails.

In this connection the facts recited in the statement filed by the Postmaster General herein are pertinent, namely:

The carriage of the mails by the railroad companies for the Government can not be considered as of the same character of service as that performed by them as common carriers for the general public. The railroads have received certain benefits from the States from which they have derived their corporate existence, and their interstate commerce is subject to the regulation of the Federal Government. Some of them have received substantial aid from the Federal Government by grants of lands and otherwise. They are

declared by law to be post roads. As mail carriers they are agencies of the Post Office Department, and are performing a governmental function in carrying the mails. The postal business is not carried on by the Government for profit but in furtherance of the constitutional power to establish post offices and post roads under which it furnishes postal facilities to all its citizens. The railroads therefore may not deal with the Government as they would deal with a shipper who uses their facilities as a common carrier for profit or for special individual advantage. They are not only required to act as governmental agencies but should fulfill the obligations of that agency for a consideration not necessarily measured by the strict rules governing commercial business. Furthermore, the principle of public utility which justifies the railroad carrier in transporting certain commodities at rates lower than rates formed on strict apportionment of cost because their transportation renders possible the development of their property and their industries located along the lines of their road, thus contributing largely to the transportation business for which the railroads are primarily constructed, applies with special force to the transportation of the mails which is highly essential to the upbuilding of communities and the increase of the carriers' business, and, therefore, should be classed among those services which minister to the development of the processes of production rather than to the satisfaction of wants through the transportation of the products, and justifies a low rate.

Furthermore, railroads are projected and built for the purpose of carrying passengers and freight. The carriage of the mails as a part of the industry of the railroads never enters into the calculations of any railroad enterprise. After the road's construction the mails naturally follow as an indispensable necessity to the prosperity of the road; but the revenue received directly from its transportation is never a material consideration with the carrier.

Upon the principle of public utility, and the weight to be given it in fixing rates for carrying the mails, Prof. Henry C. Adams, professor of political economy, University of Michigan, and former statistician of this Commission, in

his testimony before the Commission to Investigate the Postal Service, Fifty-sixth Congress, Second session, stated as follows:

If asked why public utility should be accepted as a controlling consideration in determining reasonable compensation, a complete answer would rest upon three points, as follows: First, because of the sovereign character of the Postal Service itself, which implies that its administration from beginning to end must be such as to safeguard the enduring and the collective rather than the temporary and the personal interests of the people; second, because of the quasi-public character of the railways, which secures to the Government the right of regulating the charges for all classes of service according to the principle of public utility; and, third, because of the different results that would follow the application of the political principle on the one hand and of the commercial principle on the other (S. Doc., vol. 9, Railway Mail Pay, p. 195).

The railways undoubtedly have the right to insist, from their point of view, that the character of the facilities furnished for the mail service should be taken into account in fixing compensation, and the recognition of this right is involved in all that has been said relative to the commercial interpretation of "reasonable compensation." But, on the other hand, the Government has the right to insist that the transportation of mail is an essential social function; that it is imperative, not alone to the present advantage of the public, but to the healthful and permanent development of the State. It has the right openly, publicly, and without apology, to put in practice, in the interest of the public at large, a rule universally acknowledged by railway men in the development of their property. A railway manager is willing, for example, to carry coal at a very low rate, even at the risk of incurring loss, because he knows that coal is potential in industrial development, and that what he loses on the coal traffic becomes for him a gain on the transportation of high-class freight, the product of the mills and factories which the distribution of the coal renders possible. The railway manager adjusts his charges upon coal with a view to the development of industry in the territory contributing freight to his railway rather than according to the cost of transporting coal.

The same line of reasoning is pertinent, even in a higher degree, to the transmission of intelligence, because the means of diffusing intelligence is an essential consideration of growth and development. As the distribution of coal, which is latent manufacturing power, is essential to the

upbuilding of manufactories, so the diffusion of intelligence is a fundamental condition of all social and industrial evolution. The meaning of all this is evident. When the Government, in considering the question of compensation for carrying mail, finds it necessary to classify the mail service in the general schedule of services rendered, it will, if it accept the principle of public utility as the ruling consideration, conclude that the transportation of mails should be classed among those services which minister to the development of the process of production rather than to the satisfaction of wants through the transportation of the products. Of all things transported by rail intelligence is the most essential to social and economic advantage, and on this account is in the highest degree amenable to the consideration of public utility (*Id.*, p. 196).

* * * The position of this report is that the private interest in railway charges is limited to the claim that the gross revenue of railways should be adequate to cover operating expenses, fixed charges, and a fair return to stockholders; but this sum having been guaranteed, the manner in which this gross amount is collected from the shippers is a matter of public policy and not of private interest.

* * * The application of the principle of public utility classifies mail transportation with freight; it classifies it among the fundamental or social services of railways, and it justifies an unusually low rate upon mail transportation, provided that this is essential to rendering the important service undertaken by the postal department, and provided that by this adjustment the gross revenue to railways is not so far depressed as to deprive investors of property. (*Id.*, p. 197.)

These quotations from Prof. Adams state the principle clearly. In brief, it is that the Postal Service has a sovereign character and its administration must be such as to safeguard the enduring and collective, rather than the temporary and personal, interests of the people; that because of the quasi-public character of railways the Government has the right to regulate charges according to the principle of public utility.

The railroads undoubtedly have the right to receive reasonable compensation for mail service, "but, on the other hand, the Government has the right to insist that the transportation of mail is an essential social function; that it is imperative not alone to the present advantage of

the public but to the healthful and permanent development of the State. It has the right openly, publicly, and without apology to put in practice, in the interest of the public at large, a rule universally acknowledged by railway men in the development of their property." Railways are willing to carry special commodities at very low rates, even at the risk of incurring loss, because they are potential in industrial development and the loss thus incurred becomes a gain in the transportation of other commodities which the distribution of the one renders possible. In the same way the transmission of intelligence is an essential consideration in the growth and development of the country which sustains the railroad, and without which railroad construction and operation would be of small practical importance. Such transmission is amenable in the highest degree to the consideration of public utility and justifies an unusually low rate for mail transportation, provided that by this adjustment the gross revenue of railways is not so depressed as to deprive investors of property. That such depression would not result from any reasonable reduction from a commercial rate is apparent from a consideration of the fact that mail earnings are a very small per cent of the total operating revenues of railways.

No railroad of any importance could be successful in its operations without the regular, certain, and speedy transmission of the mails over its line. It is a truism which no one will controvert, that practically all commercial and industrial enterprises, as well as social intercourse extending beyond the neighborhood, depend upon the mails. As the community thus primarily depends upon the mails, in a greater degree railroads so depend, as they must rely wholly upon the communities for whose business they are constructed and operated. It must, therefore, be apparent that no commodity transported is entitled to as great consideration in the matter of ratemaking as the United States mails.

If it be argued that any lowering in the rate for mail service must be met by an increase in other rates, it may be replied that this is true from a practical point of view only where the reduction is below "out-of-pocket" ex-

penses, and that the same objection may be made against every correspondingly low rate on other commodities.

The foregoing considerations should be given their due weight in reaching a determination as to what is a fair and reasonable rate for the carriage of the mails. They justify a material reduction from a rate which under ordinary conditions would be appropriate. The measure of that reduction is left to the sound judgment of the Commission, under all the facts and circumstances.

MAXIMUM RATES ON A COMMERCIAL BASIS.

Subject to the foregoing qualifications, which clearly justify lower than commercial rates for the mail service, it will now be proper to consider what maximum rates on a commercial basis would be allowed for such service.

Upon such basis, and computed upon estimated cost and a fair return, the railroads can not be allowed more in the aggregate for the space routes than \$54,415,778 on the basis of authorizations of March 27, 1917, or \$47,520,373 on the basis of the authorizations of June 30, 1918, being 21.5 cents a car-mile. If paid at the same ton-mile rate which they receive from the express companies for carrying express, the maximum allowance would be \$45,170,643 and the minimum \$21,836,497.

The matter may be considered on the basis of cost of service; but it should be borne in mind that this is subject to a number of qualifications, for cost need not necessarily determine rates, although most rates have within them the element of cost. The rigid application of cost of service in a final determination of rates generally, uninfluenced by other considerations, would revolutionize all railway traffic. In order that a rate shall be just and reasonable it need not be fixed on a basis where it will bear its pro rata share of all costs of transportation and return on the property. Other elements as well must be considered, and due weight will be given to them, as well as to cost, by the rate-making power. This gives scope for the exercise of "the flexible limit of judgment which belongs to the power to fix rates," as declared by the Supreme Court of the United States. The special value of cost, however, where such can be ascertained, is comparative. (Appendix D, pp. 777, 778.)

Cost as a rate-basis should not be cost resulting from uneconomical management or operation. (Appendix D, p. 780.) Therefore, in ascertaining estimated costs of conducting the mail service, the excess space in cars operated for mails and the unauthorized operation of mail cars or space, when not required by the Department or necessary for the conduct of the service, should not be allowed to enter into the estimate.

The element of the value of the service, in the sense in which the term has been used and has become known in rate making generally, will not apply to the mail service. But in a broader sense it may be considered; and reference will be made hereinafter to its possible application to the benefit the Department receives in the operation of car space.

There should be a reasonable return on the fair value of the property employed; but the cost, or the present value of the railroad property devoted to the public use, has not yet been determined. The Commission has frequently commented upon the nature and unreliability of the property-investment accounts of the carriers. (Appendix D, p. 783.) The reports made by the Railroads in this inquiry as to the value of property, are subject to all the criticisms and reservations heretofore noted by the Commission. They are of no value in this case except for comparative purposes.

The general rule that the reasonableness of a blanket rate which shall apply to a number of carriers can not be determined by considerations alone of the more favorably situated or less favorably situated carriers, but that reasonable rates on typical lines are reasonable rates for all lines (Appendix D, p. 784) is especially true with reference to the carriage of the mails. The service should be considered as a whole and average conditions met by average rates. The question of compensation for railroad-mail service has always been considered by Congress on general principles applying to the entire service. This no doubt has resulted largely from the nature and the character of the service and the general relations between the Railroads and the Government in the performance

of a purely governmental function. It seems to be impracticable to treat the subject in any different manner at this time. The conditions under which the service is performed being coextensive with the entire country, and applying to all mileage every day in the year warrants the treatment as one case. Therefore, the Commission will be justified in fixing unit rates for the entire service as a whole.

While the Commission has held that it knows no provision of law under which it would be justified in increasing freight rates to provide a return upon property used exclusively in passenger service, or to take care of losses incurred in such service and that in their opinion each branch of the service contributed its proper share of the cost of operation and of return upon property devoted to the use of the public, nevertheless, with respect to the question of the reasonable rate for the transportation of the mails, both services, if need be, may be taken into consideration as an entirety. This would be a reasonable rule because the railroads are transporting the mails as agencies of the Government. If, therefore, in any specific case, the rates yield less than what might be a reasonable return when considered in connection with the passenger service alone, they would, nevertheless be proper rates if yielding a reasonable return when the entire service of the road was taken into consideration.

Space appears to be the most natural measure of service for the matters carried in the passenger trains. There are, however, certain differences between the services rendered which should be represented in differences in rates of compensation for the same. For instance, the service rendered passengers on a basis of space alone can not be adequately measured in comparison with the service rendered in the carriage of the mails. The compensation derived from the carriage of passengers on the basis of space should be much greater per unit of service than for carrying the mails or express; or stated conversely, the Government should not be required to pay for the carriage of the mails the same rate per car-mile as the carrier receives in revenue per car-mile for the passenger service, but should pay much less.

As between the mail and the express, the space basis appears to be the best measure for comparison. The commodities are substantially alike, outside of first-class correspondence. Rates should be varied to compensate for the differences in the services rendered to each by the carrier.

In addition to the basis of space for a comparison of rates for mails and express, if the Commission desires to consider weight with space, this element may be presented in the ton-mile rate paid the carriers by the Government for the carriage of the mails and the ton-mile rate paid to the railroad companies for the carriage of express matter in the trains.

The Department's estimate of the cost of the service is based upon the use of the property devoted to its performance. Wherever dependent upon the ratio of space operated in passenger trains such ratio is secured by considering the car-foot miles operated in the performance of mail service in comparison with the total car-foot miles operated in passenger trains.

It is in connection with this ratio that a principal controversy in this case arises. The Department insists that a proper cost estimate can be made only upon a consideration of the space actually necessary and used in connection with the transportation of the mails. It is upon this basis, and upon a proper participation in the unused space in mixed cars common to all services, that the Department's ratio of 7.28 per cent is secured. The reasons why the excessive claims of the railroads of unauthorized and excessive operation of space in connection with the mails should not be accepted as forming any part of the mail car-foot miles, have been fully stated hereinbefore. Cost, therefore, should be estimated upon the principles followed by the Department and by the use of the space ratio ascertained by it.

In giving consideration to the benefit received by the Department from the use of the property employed in the performance of service, the use or nonuse by the Department of the space charged to it must be taken into account. Space operation which is not necessary in connection with

such transportation, confers no benefit whatever upon the Department. Such operation is of no value in point of service to the mails. This is the general character of the excess and unauthorized space operation charged by the Railroads to the mails. Therefore, in estimating the costs of the mail service, the excessive space operation charged to it by the Railroads can not properly be considered.

Passenger trains are made up with reference to the space necessary to perform the services for which such trains are operated. Primarily they are operated to carry passengers, but incidentally they carry mails and express. The adoption of the space basis for the ascertainment of an estimated cost is therefore most liberal to the railroads, but upon such a basis of cost ascertainment and consequent fixing of rate no space should be charged to the mails which is not necessary or incidental to their carriage. Under a space-basis system the space to be considered is the space prescribed by the statute and authorized by the Department for the service needed. If the space basis be adopted as a method of payment the Railroads will undoubtedly conform their equipment to the authorized units, if they think any injustice is done them in operating the larger units for the pay received. It necessarily follows that the rates should not be fixed upon any basis of space as charged by the Railroads and which disregards these facts.

Therefore, if a mail rate is to be predicated upon the cost of service, the Department's estimate of such cost made as a result of this statistical inquiry will furnish the basis as a starting point. Inasmuch as the inquiry was made upon the service as a whole without any differentiation of its parts, any estimate upon which a rate is to be based must start with a cost representing the aggregate for the entire service; and inasmuch as the Department proposes uniform unit rates for all classes of service, such rates may be deduced from the aggregate cost and adequate return considered in connection with the total car-miles of service represented thereby.

Accordingly the Department has computed such aggregate pay for the carriage of the mails based upon its esti-

mate of cost, plus an amount representing the same ratio of return above cost which the Railroads receive for the carriage of express, and from this aggregate considered in connection with the total car-miles represented by the several units of service, has deduced a uniform rate per car-mile. These results are shown in Post Office Exhibit No. 81 (Digest of Exhibits, pp. 98-100, *supra*).

In this exhibit the aggregate cost is computed for the year, based upon the mail operating expenses (column 9, recapitulation Form No. 71, Exhibit No. 66), plus other expenses out of revenue (column 12, recapitulation Form No. 71, Exhibit No. 66). The sum of these represent all the actual and the estimated cost of performing mail service by the Railroads.

Inasmuch as in addition to cost there should be a fair return on the use of the property employed, the question arises as to what the measure of that should be. We are not without a reasonable guide in this respect. The statistical inquiry developed many important facts, a number of which concern the relations between the Railroads and the express service, as well as between the Railroads and the mail service. The Railroads entered into voluntary relations with the Express Companies by which they received an agreed proportion of the express revenue. In accordance with the contracts between the Railroads and the Express Companies, the Railroads in a measure control the amount which they shall ultimately receive. The service rendered by the Railroads in the carriage of express is practically the same which they render the Department in the carriage of the mails. Both express and mails are carried in the same passenger trains and often in the same cars. Any difference in the cost of transportation of these two commodities is accurately measured and ascertained by the results of the statistical inquiry. Therefore, having charged to the mails the full estimated cost of carrying them, the fair and reasonable proposition to charge to the mails in addition thereto would be the same relative net income which the Railroads received for the carriage of express. This net income for express, as ascertained by this statistical inquiry, is shown by Post Office Department Exhibit

No. 66 to be 2.72 cents per car-mile. By applying this to the car-miles performed in the mail service and extending it to a year the total net income to be added to the total cost of service is ascertained. These figures extended to cover the entire service produce a result as an annual rate of pay of \$54,415,778.96, as based upon the authorizations of service as of March 27, 1917. This is comparable with the annual rate of pay carried by such authorizations, and as shown on Post Office Department Exhibit No. 5 as \$59,753,679.21; that is to say, the amount of compensation paid the Railroads as under the authorizations of March 27, 1917, was, on this basis, \$5,337,900.25 greater than a fair and reasonable rate. On the same basis the annual rate of pay carried by the authorizations on June 30, 1918, of \$52,180,052.27, as shown by Post Office Department Exhibit No. 8, would be reduced to \$47,520,373.61.

The Department has proposed a merging of the line rates and the initial and terminal allowances into one rate without the distinction now made. It also proposes a uniform car-mile rate for all classes of units of space for the reason that the conditions under which the service is performed do not appear to justify the differences which now exist in the statutory rates and as they are shown in the resultant rates hereinbefore mentioned. Therefore, based upon this aggregate, the unit car-mile rate would be the quotient secured by dividing into this aggregate annual pay the total car-miles performed in the service represented thereby. This produces a unit car-mile rate of 21.5 cents. Part II of Post Office Department Exhibit No. 81 sets forth for each class of service performed in the several prescribed units of space, the car-miles of service, the uniform rate per mile of service, and the aggregate annual rate of pay therefor, upon this basis.

Under no system of ascertainment of pay based upon cost and a fair return, can the Railroads be allowed a larger amount than the above named, on principles applying strictly to commercial business and rates. As shown above, such rates should be materially reduced because of the special considerations applying to the mail service.

The above result is based upon the findings made upon the figures and the theory of the statistical inquiry. This theory primarily involved an ascertainment of estimated cost based upon the measure of space-operation, so far as it was necessary to apply the same where direct allocations of cost could not be made.

There is, however, another basis for an estimate, namely, the ton-mile revenue. By arrangement with the Railroads and the Express Companies, the Department secured from the Express Companies statistics showing for each of the classifications of express matter the ton-mile revenue, among other things, computed from a tabulation made from waybills selected during the statistical period. The result is shown in Post Office Department Exhibit No. 37. The payments to the Railroads per ton-mile shown by this exhibit (Part I) for the several classifications of express matter are set forth in Digest of Exhibits, page 72, *supra*. In Post Office Department Exhibit No. 69 these payments to the Railroads per ton-mile for express matter of the several classifications are applied to the ton-miles performed in the several units of mail service. A number of combinations are set forth in this exhibit, to which special reference is made. The results are as follows, equated on the basis of cost per car-mile for mail and express, respectively:

Item.	Service.	Rates.	Total pay.	
			Pay at rates in column 2.	Equated on the basis of the cost per car-mile.
	1	2	3	4
(a)	All full R. P. O. and storage cars	At first-class express, C. L.	\$17,902,597	\$32,275,753
	All other cars	At first-class express, L. C. L.	14,376,156	
(b)	All full R. P. O. and storage cars	At first-class express, C. L.	17,902,597	32,552,140
	All other cars	At second-class express, L. C. L.	12,815,953	
(c)	All full R. P. O. and storage cars	At first-class express, C. L.	17,902,597	33,231,187
	All other cars	At average for all classes express, L. C. L.	13,456,751	
(d)	All full R. P. O. and storage cars	At second-class express, C. L.	12,646,787	25,462,740
	All other cars	At second-class express, L. C. L.	12,815,953	
(e)	All full R. P. O. and storage cars	At second-class express, C. L.	12,646,787	26,108,538
	All other cars	At average for all classes express, L. C. L.	13,456,751	
(f)	All full R. P. O. and storage cars	At average for all classes express, C. L.	11,293,341	25,153,246
	All other cars	At average for all classes express, L. C. L.	13,456,751	
(g)	All R. P. O. and storage cars	At first-class express, C. L.	22,694,371	31,270,764
	All other cars	At first-class express, L. C. L.	6,814,980	
(h)	All R. P. O. and storage cars	At first-class express, C. L.	22,694,371	30,487,006
	All other cars	At second-class express, L. C. L.	6,075,370	
(i)	All R. P. O. and storage cars	At first-class express, C. L.	22,694,371	30,808,906
	All other cars	At average for all classes express, L. C. L.	6,379,138	
(j)	All R. P. O. and storage cars	At second-class express, C. L.	16,031,803	23,426,750
	All other cars	At second-class express, L. C. L.	6,075,370	
(k)	All R. P. O. and storage cars	At second-class express, C. L.	16,031,803	23,748,650
	All other cars	At average for all classes express, L. C. L.	6,379,138	
(l)	All R. P. O. and storage cars	At average for all classes express, C. L.	14,227,358	21,836,497
	All other cars	At average for all classes express, L. C. L.	6,379,138	
(m)	Total, all cars	At first-class express, L. C. L.	42,626,281	45,170,643
(n)	Total, all cars	At second-class express, L. C. L.	38,000,173	40,268,403
(o)	Total, all cars	At average for all classes express, L. C. L.	39,900,182	42,281,823
(p)	Total, all cars	At average for all classes express, C. L. and L. C. L.	37,174,082	39,393,002

Upon this basis the maximum rate of compensation for the carriage of the mails would not exceed \$45,170,643 per annum and the minimum rate would not exceed \$21,836,497 per annum.

Again these amounts would be subject to a reasonable reduction on account of the considerations hereinbefore stated.

THE RAILROADS' ESTIMATE DOES NOT PRODUCE A FAIR AND REASONABLE RATE.

Before considering the results of the Railroads' estimate of what they should receive for carrying the mails, attention is invited to the following:

The evidence submitted by the Railroads as to financial and economic conditions subsequent to the statistical period should not be taken into consideration in this hearing. All of the statistics which were secured by the Department and the Railroads were secured with reference to a selected statistical period. All conclusions should, therefore, be based upon the showing so made. The Department entered its objections at the time to the submission and consideration of such matters arising subsequent to the statistical period. The situation as shown by the Railroads in their exhibits covering conditions subsequent to said period is abnormal and was so stated to be, by the Railroads' witness, Mr. Wettling. (Abstract of Evidence, p. 462, *supra*.)

INFERENCES DRAWN FROM CERTAIN RAILROAD EXHIBITS UNSOUND.

For the purpose of laying the foundation for submitting their claim for increased compensation the Railroads introduced certain exhibits with the evident object of suggesting an inadequacy of the present compensation received.

Any inferences intended to be drawn from the exhibits to the effect that the compensation in the past has been inadequate, or that it is at present inadequate, are unsound.

Railroad Exhibit No. 47 does not show operating ratio for passenger service nor does it show ratios between revenue and expenses for any service mentioned, including mail. It does not show that the mails participated in the same degree as passenger in any increased expenses. For these reasons no deductions can be drawn from this exhibit with respect to the adequacy or inadequacy of mail compensation. (Abstract of Evidence, pp. 410-412, *supra*.)

Railroad Exhibit No. 48 shows expenditures of the Post Office Department for the transportation of the mails and for other postal functions. The inference apparently sought to be drawn from the exhibit is that the expenditures for the transportation of the mail should increase in the same ratio as expenditures for other postal functions. It is evident upon even a casual consideration of the matter that no such inference can be drawn. Witness Worthington for the Railroads, who introduced and explained the exhibit, admitted that this was correct. (Abstract of Evidence—Inferences Drawn, etc., pp. 412-415, *supra*.)

Railroad Exhibit No. 48 shows increases in postal revenues over a period of years and the ratio of expenditure for the transportation of the mails.

The evident purpose of the exhibit is to suggest the inference that the postal requirements for the transportation of the mails increase in the ratio of the increase in postal revenues. There is, of course, no basis for such a conclusion. (Abstract of Evidence—Inferences Drawn, etc., pp. 416-420, *supra*.)

Railroad Exhibit No. 49 shows the trend of postal receipts and expenditures and percentage of total postal receipts paid to railroads, in connection with which Witness Worthington for the Railroads quoted the Wolcott Commission to the effect that rates for the transportation of the mail at that time were not excessive.

The inference evidently intended to be drawn from this was that if the Wolcott Commission found the rates not excessive in 1880, they have remained and still are not excessive at the present time. If the Wolcott Commission's finding shall be considered at all, then it should have been supplemented by the finding of the Penrose-Overstreet

Commission made 17 years later, recommending certain reductions in railroad mail pay on the ground that some of the rates of pay at that time were too high, and upon which Congress acted in passing the statute of 1907, reducing railroad mail pay. (Abstract of Evidence—Inferences Drawn, etc., pp. 420–423, *supra*.)

The Railroads submitted certain testimony and exhibits designed to show rates for the transportation of merchandise-freight and express matter. These statistics of revenue and their comparison with revenues for mails and express do not represent usual or average conditions of service. No conclusions were drawn by the Railroads' witnesses with respect to the comparisons between revenue from merchandise-freight and mails. The Department submits that these rates of revenue and the services they represent are not comparable with the mail service in any respect. (Abstract of Evidence, pp. 563–573, *supra*.)

ERRORS OF THEORY AND METHOD OF CALCULATION IN RAILROAD EXHIBITS.

We are now prepared to make an examination of the Railroads' estimate of the amount they should receive for the carriage of the mails. This estimate and certain assumptions upon which it is based are set forth in Railroad Exhibits Nos. 3, 4, and 6, which contain material faults both in theory and method of computation.

(a) An examination of Railroad Exhibit No. 3, indicates that the proposed mail pay per annum of \$97,796,749 is grossly excessive, due to errors both in theory and method of calculation.

The theory of this ascertainment provides for an annual rate based upon 29.29 cents (the Railroads' average passenger train revenue per car-mile), applied to 333,891,255.34 car-miles. The latter figure is derived by adding to the 252,195,303.70 equated car-miles of service authorized, given in Post Office Department Exhibit No. 51, an amount representing 0.91 per cent thereof (2,294,977.31 car-miles) for emergency service performed and increasing the sum thereof by 31.2 per cent. Upon

this theory every car-mile authorized for mail service, whether for regularly authorized or for emergency space, is weighted with excess or empty space of 31.2 per cent. (Railroad Exhibit No. 3).

This excessive charge of 31.2 per cent is analyzed in Railroad Exhibit No. 6, the figures there appearing for 30 days. The excessive charge is shown as follows, in connection with the designations used by the railroads in that exhibit:

Total authorized, 18,507,542 car-miles (column 12), excess charged 701,937 (difference between column 12 and column 23).

Total excess over authorized, 1,332,828 car-miles (column 12, also column 23).

Total unauthorized, 2,303,937 car-miles (column 23).

Total unused, 1,432,142 car-miles (column 12, also column 23).

Total, 5,770,844 car-miles.

With reference to the overcharge for "total unauthorized," it will be noted that the excess charge is made notwithstanding the fact that the base upon which it is computed does not even represent space either authorized for or occupied by mails.

This excessive charge is distributed by the railroads to the several classes of units of service authorizations as follows:

Empty car-miles for railway post-office cars, 277,953 additional to 6,554,602 car-miles authorized, or 4.24 per cent increase. Empty car-miles for full storage cars, 178,206 additional to 3,762,335 car-miles authorized, or 4.74 per cent increase. Empty car-miles for mail-apartment cars, 2,910,938 additional to 6,700,537 car-miles authorized, or 43.44 per cent increase. Empty car-miles for storage units in mixed cars, 1,563,737 additional to 878,099 car-miles authorized or 178.08 per cent increase. Empty car-miles for closed-pouch units, 840,010 additional to 611,969 car-miles authorized or 137.26 per cent increase. By reference to column 15 of Railroad Exhibit No. 6 it is seen that the additional charge of 527,838 car-miles unoccupied space is apportioned to storage units in mixed cars and

closed-pouch service only, so that the excessive charge to these classes of service is in a measure accounted for. That these classes of mail service are overcharged with unoccupied, excess and unauthorized space is amply shown by Post Office Department Exhibits Nos. 83 to 88, inclusive, where specific examples are given. This included space in cars which carried no mails. On the other hand, the distribution of the unoccupied space tabulated in column 15, Railroad Exhibit No. 6, was excessive in the case of the mails and too low in the case of the passenger and express because of the theory that baggage, miscellaneous and express services required no excess or return empty space, such as was charged to mails, which space was included in the mail car foot-miles, forming the basis for apportioning the unoccupied space. The amount of the empty space thus charged to mails is not known, but that it was an improper charge is shown by the testimony.

The application of the 31.2 per cent, by which the resulting mail pay on Railroad Exhibit No. 3 is produced, is also faulty, as the space statistics, from which this per cent is secured, cover 140 first-class carriers only, while the application is to the whole mail service.

This fault is clearly shown by dividing the railroads' estimated car-miles for mails (333,891,255.34) given on this exhibit, by .091382 estimated by the railroads as the ratio of mail space to the passenger train space. This produces a result of 3,653,796,754 car-miles for total passenger train service. This exceeds the total passenger train car-miles reported to the commission for the calendar year 1916 by over 85,000,000 car-miles.

That the Railroads proposed mail pay per annum of over \$97,000,000 is grossly excessive is further shown by the application of their method to all the services performed in passenger trains, which application must necessarily follow if their conclusion with respect to the mails be correct. This is made evident from the following facts:

There were approximately 3,567,000,000 passenger train car-miles operated in the calendar year 1917 which, at the rate of 29.29 cents per car-mile, produces a passenger train revenue of \$1,044,744,300. By applying the railroads'

ratios of space to these total car-miles and the revenue 29.29 cents to the car-miles for the several services, we reach the following result:

Service.	Ratio.	Car-miles.	Revenue rate per car-mile.	Estimated revenue.
Passenger.....	76.9908	2,746,261,836	<i>Cents.</i> 29.29	\$804,380,093
Express.....	13.8710	494,778,570	29.29	144,920,643
Mail.....	9.1382	325,959,594	29.29	95,473,564
Total.....	100.0000	3,567,000,000	29.29	1,044,774,300

But the express revenue for the calendar year 1917 will not exceed \$109,000,000, which, divided by the car-miles for express shown in the above table, produces a car-mile rate of 22.03 cents. This rate practically agrees with the revenue rate per car-mile received by the railroads from express given in Railroad Exhibit No. 6, column 24, as 22.1 cents per car-mile. It is evident that the railroads' figure for mail car-miles of 333,891,255.34 is excessive, and that the use of 29.29 cents as a revenue rate per car-mile for mail service is beyond the limits of a reasonable rate as shown by its application to the express car-miles tabulated on the railroad exhibits.

Again, if the return empty movement of express space had been reported and included in the tabulations by the railroads, which the record in this case shows was not done, the car-miles for express would be increased. This would produce even a lower rate per car-mile for express than 22 cents, and at the same time decrease the mail car-miles and show a higher rate for mail service than the 17.8 cents given in column 24 on Railroad Exhibit No. 6. It would likewise decrease the estimated mail revenue based on a given rate per car-mile. There has been no testimony in this case showing such a disparity between express and mail services performed by the railroads as would warrant an increase of pay for the latter service to 38.4 cents per car-mile (Railroad Exhibit No. 3), an advance of 73.7 per cent over the revenue received by the railroads from express, shown by the railroads' statistics to be only 22.1 cents.

(b) In Railroad Exhibit No. 3 there are shown the revenues for the several classes of service, passenger, express, and mail, comprising passenger train operating revenue, for the month of April, 1917. The total there shown is composed of the revenues reported by the carriers (included in the exhibit) for primary accounts Nos. 102 to 109, inclusive, and does not include any items of "incidental" revenue. So far as noted the "incidental" or miscellaneous operating revenues are nowhere shown in the railroad exhibits. They are included, however, in the Post Office Department Exhibit No. 74 for Class I carriers, as well as in Post Office Department Exhibits Nos. 66 and 67.

Attention is called to the omission of "incidental" revenue from the railroad exhibits for the reason that Railroad Exhibit No. 4 based upon cost factors gives a lower estimate for mail service than that shown on Railroad Exhibit No. 3 based on passenger train revenue, and in the cost estimate there have been included the expenses for miscellaneous operations incidental to passenger train operation, in which the mail is erroneously made to share.

The operating expenses shown on Railroad Exhibit No. 3 are stated to be for the passenger train, but the total amount of \$52,331,480.74 there shown includes all expenses chargeable to passenger traffic according to Letter of Instruction No. 504, and is comparable with the same item on Post Office Department Exhibits Nos. 67 and 74, showing the total to be \$52,293,015.71. This total passenger operating expense is stated as 26.58 per cent of the total operating expenses, and therefore the use of this ratio to determine a passenger service charge will also include the expenses for miscellaneous or "incidental" operations, the revenues for which are not shown in railroad exhibits.

As these costs for miscellaneous and incidental operations are wholly passenger in character (dining and buffet service, hotels and restaurants, and other like expenses for parcel rooms, storage of baggage, etc.), the use of the 26.58 per cent in the manner shown on Railroad Exhibit No. 4 makes no allowance for such exclusive passenger charges, and the passenger train investment given as \$4,854,671,879

is excessive for this reason as well as for the reason that it includes property values for railroads not engaged in carriage of mails. The amount, Witness Wettling stated, could not be given with accuracy.

(c) The Railroads rejected the very complete tabulations of property investment reported by themselves and substituted therefor the apportionment to mail of a property investment based on their car-foot mile ratio of 9.1382 per cent, as representing the use of the property devoted to mail service. They also rejected the ratios of relative cost.

The use of the ratio of space operated in the trains as charged to the mails on Railroad Exhibit No. 4, and the use of the estimated mail car miles based on the same ratio (including as it does the 31.2 per cent of empty space hereinbefore shown to be excessive), in itself produces results not warranted by the facts. But the use of any ratio in this manner sets aside all direct and known costs reported by the carriers and substitutes therefor a space ratio secured from train and space operation having no direct relation to a large proportion of values of property and cost of maintenance. By reference to Railroad Exhibit No. 3, it is found that the passenger train operating expenses for mail are \$4,330,999.40, or 8.276 per cent of the total passenger train operating expenses. If this per cent of cost had been used, thus recognizing the directly allocated charges, the property investment for mails would have been reduced by \$41,856,981, or nearly 10 per cent. Also, the use of this lower ratio does not take into account the directly allocated property investment chargeable to passenger service proper, such as passenger, baggage, dining, and other service exclusively passenger in character.

The use of a 7 per cent return on investment is not supported by any evidence except the opinion of the railroad witness; and on the contrary the Post Office Department Exhibits indicate that less than 6 per cent was actually received for all activities.

(d) To sum up the various overcharges to mail service caused by the erroneous theories and methods of calculation used to produce the results given on Railroad Exhibits Nos. 3, 4, and 6:

1. The railroads' theory of ascertainment of an annual rate is based upon mail-service mileage improperly increased by 31.2 per cent, representing the excessive unauthorized and unused space and operation charged to the mails by the railroads, as specifically referred to hereinbefore.

2. Their estimated car-miles for mails is excessive in number, as being 9.1382 per cent (their estimated space ratio for the mails) of a total number of car-miles for all passenger service greatly in excess of the actual number of such car-miles performed during the calendar year.

3. Their theory of ascertainment of an annual rate is based further upon the application of 29.29 cents per car-mile, that being their average passenger train revenue, instead of being based upon cost and a fair return.

4. Their proposed mail pay rate per car-mile for authorized service was increased to 38.4 cents (Railroad Exhibit No. 3) or 73.7 per cent above the express car-mile rate shown on Railroad Exhibit No. 6, although no corresponding increase in cost of operation was shown.

5. Their mail pay estimate based on cost is increased by the amount of the participation by mail in expenses for miscellaneous operations, such as dining and buffet service, hotels and restaurants, etc., which are exclusively passenger in character and the expenses for which were directly allocated to passenger on the reports of the carriers.

6. The estimated property investment for mail is increased cumulatively by the five following methods of ascertainment:

(a) The total property investment as of December 31, 1917, includes property for certain freight roads and others which carry no mail.

(b) The total property investment apportioned to passenger service as a whole includes property directly allocated to freight service by the carriers' reports, and the property investment ascribed to mail is increased, by this means, to include a share of freight property investment.

(c) The property investment apportioned to mail service is made to include a share in property reported by the carriers as exclusively passenger and directly allocated thereto.

(d) The use of 26.58 per cent in the apportionment to passenger of the property investment increases the total passenger property investment by 26.58 per cent of any freight property investments included, plus the total of all directly allocated charges covering property devoted to miscellaneous passenger operations "incidental" to passenger service only. This added passenger property investment is in turn participated in by mail property investment.

(e) The use of 9.1382 per cent in apportionment to mail of the property investment increases the total mail property investment by 9.1382 per cent of the miscellaneous property values described as "incidental" to passenger and directly allocated thereto by the carriers. And in addition the use of that per cent covers into mail property investment 9.1382 per cent of the directly allocated portion of passenger property reported as directly allocated by the carriers.

7. Seven per cent, used as the rate of return on mail property investment is excessive.

(e) The excessive amount claimed in the Railroads' Exhibits Nos. 3, 4, and 6 as a fair and reasonable rate for the transportation of the mails as discussed hereinbefore, is further shown to be unfair and unreasonable, by the application to the express service of the same process of rate-building applied by the Railroads to their proposed mail rate. By applying this same process, on the assumption of the same proportion of excess space in the express service (which assumption is amply justified by the evidence recited hereinbefore), the necessary annual rate of compensation for the carriage of express by the Railroads would amount to \$163,413,461. The express revenue received for the year was only about \$106,000,000. When reminded of the fact that, in the recent hearing before the Interstate Commerce Commission upon the request of the express companies to increase their rates 5 per cent, no showing was made by the Railroads that they were carrying express at a loss, no satisfactory explanation was given by the Railroads' witness. Furthermore when the suggestion was made that if the Railroads are

losing so heavily on the carriage of express they could and should revise their voluntary contracts with the express companies by which some part of this great loss could be recovered, no satisfactory statement was made by the Railroads' witness.

This logical result of the application of the Railroads' method to the question of adequate compensation for carrying express shows conclusively its unsoundness as applied to the carriage of the mails. (Abstract of Evidence, pp. 574-579, *supra.*)

THE SHORT LINES.

The Short Line Railroads, so called, submitted some testimony designed to show that they are entitled to a differential producing a higher rate for the service of carrying the mails than shall be fixed for the other railroads.

The record shows that the testimony was submitted upon behalf of those roads which are commonly termed "Short Lines," and which are independently owned and operated, and not controlled by the larger roads or systems.

They were not successful in satisfactorily establishing their right as a class, to a differential. The testimony, however, shows that if there shall be a different rate applicable to this class, it might be based upon the difference between freight and passenger rates received by such roads and such rates received by the trunk lines. It was further shown by the evidence that a rate based upon cost of service plus a reasonable return would be an ideal rate. (Abstract of Evidence—The Short Lines, pp. 581-592, *supra.*)

The Department secured from the records of the Interstate Commerce Commission a list of railroad mail carriers which fall within the definition of short lines, as stated in the testimony referred to above. The list of such railroad mail carriers as were found to have been embraced in the recapitulations of railroads on forms R. M. P. Nos. 70 and 71, and which rendered reports on forms R. M. P. Nos. 1 to 4 and Nos. 50 to 55, inclusive,

in such a manner as to permit the use of the entire statistics, is shown on sheet filed in this case since the hearings ended, and entitled, "List of railroad mail carriers embraced in recapitulations of short line railroads on forms R. M. P. Nos. 70 and 71. The companies included are those independently owned and operated which rendered reports on forms R. M. P. Nos. 1 to 4 and Nos. 50 to 55, inclusive, in such a manner as to permit the use of the entire statistics."

The financial data for these roads compiled on forms R. M. P. Nos. 70 and 71 were recapitulated on final sheets, and a final sheet also comparing the recapitulation of form R. M. P. No. 71 with "Investment in road and equipment," were filed with the Commission with said list of railroad mail carriers.

The recapitulation of form R. M. P. No. 71 shows the following results:

Service.	Operating revenues per car-mile.	Operating expenses and other expenditures per car-mile.	Net income per car-mile.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Passenger.....	23.91	37.95	13.04
Express.....	19.75	28.71	18.96
Mail.....	30.52	30.04	.48

¹ Deficiency.

It appears from these facts that upon this basis of estimate these Short Lines are operating the passenger service and the express service at a loss, but are operating the mail service at a gain, although a small one. The net revenue shown on Post Office Department Exhibit No. 66 for all the lines is 3.06 cents per car-mile, while for the Short Lines so tabulated it appears to be 0.48 cent per car-mile.

The comparison of recapitulation of Form R. M. P. No. 71 with "Investment in road and property" appearing on one of the three sheets above named shows no per cent of net income to railway investment for passenger and express, but does show a small per cent for the mails, being one-hundredth of 1 per cent for the month, or twelve-hundredths of 1 per cent for the year.

It would appear from these facts that if there is to be a difference made in a general rate applicable to these so-called "Short Lines," such difference might be represented by an increase in the rate sufficient to produce the same net income per car-mile as above allowed the other lines. Furthermore, this would not only meet the requirements applied to the rates generally, but would satisfy the view expressed in the testimony that an ideal rate would be one based upon cost and a fair return.

CONCLUSION.

It is respectfully submitted:

That the space-basis system for ascertaining the rate or compensation for the transportation of the mails by railway common carriers and the service connected therewith shall be prescribed by the Commission.

That the proposed plan of the Post Office Department, submitted in this case, shall be authorized as the basis for such space-basis system.

That the fair and reasonable rate or compensation for such transportation and service, on the basis of estimated cost and fair return shall not exceed \$54,415,778.96 per annum on the basis of the authorizations of service as of March 27, 1917, or 21.5 cents, or pro ratio thereof, a car-mile of service for any unit of space.

That the fair and reasonable rate or compensation for such transportation and service, on the basis of the ton-mile-revenue received by the Railroads for carrying express, and equated on the basis of comparative cost of performing service—mail and express—is as shown hereinbefore (p. 719); the maximum not exceeding \$45,170,643 per annum, and the minimum not exceeding \$21,836,497 per annum.

That the relations existing between the Railroads as public service corporations and the Government, and the nature of such service as distinguished from the ordinary transportation business of the Railroads, justifies a lower rate for the carriage of the mails and the service connected therewith

than should apply to other or ordinary transportation business; and that any rates fixed upon on the above-named bases should be reduced accordingly.

That with respect to the so-called Short Lines, any difference in rate should be represented by an increase sufficient to produce the same net income per car-mile as shall be allowed the other lines.

Respectfully submitted.

JOSEPH STEWART,
Special Assistant to the Attorney General.
(For the Postmaster General.)

APPENDIXES.

APPENDIX A.

MINORITY REPORT OF THE SPECIAL COMMISSION ON RAILWAY MAIL TRANSPORTATION, SIGNED GARDINER G. HUBBARD, APRIL 1, 1878. (S. M.sc. Doc. No. 14, 45th Cong., 1st Sess.)

History of Railway Mail Service.

Before railroads were established the Postmaster General advertised for proposals for carrying the mail by stage-coach, and contracted with the lowest bidder. The contractor was required to start and arrive at the time fixed by the Postmaster General, and to carry the mail between the post offices at the termini of the route and to every intermediate office.

On railroad routes competition was impossible, and Congress therefore, by act of July 7, 1838, provided "that every railroad shall be a post route, and the Postmaster General shall cause the mail to be transported thereon, provided he can have it done on reasonable terms, and not paying therefor, in any instance, more than 25 per cent over and above what similar transportation would cost in post coaches." The act of January 25, 1839, limited the amount and provided that the Postmaster General should not "allow more than \$300 per mile per annum to any railroad for the conveyance of one or more daily mails upon the road." Under these acts different rates were paid, and great latitude was exercised by the Department in determining what "similar transportation" was. The compensation was based on the supposition that railway service was more expensive than stage coach, but as it was really less, the profits of the railroads were very great. In 1845, the railroad routes were divided into three classes, according "to the size of the mails, the speed with which they are conveyed, and the importance of the service"; and it was provided that the Postmaster General, "for the conveyance of the mail on any railroad of the first class, shall not pay a higher rate of compensation than is now allowed by law; nor for the second class more than \$100 per mile per annum; nor for any railroad of the third class more

than \$50 per mile per annum;" but "if one-half of the service was performed in the night, 25 per cent more could be paid." The results of this law are stated in the report of the Postmaster General for 1848, in the following words: "The operations of three years show that the mail service has been augmented 15 per cent and its cost diminished at the same time 15.7 per cent." The roads were at this time, probably, all overpaid, but by degrees, as the business and the weight of the mails increased, the compensation on the main routes became insufficient. In 1864 postal cars were introduced for the distribution of the letter mail, but no additional compensation was granted. In 1866, the managers of the trunk lines remonstrated, complaining of the injustice of the law and the inadequacy of their compensation. In order to ascertain the grounds for this complaint, the Postmaster General ordered the mails on all the roads to be weighed and the results tabulated. The tables showed great inequalities; on 4 roads, which received \$300 a mile, the average daily weight ranged from 7,668 pounds to 22,581; on 15, which received \$200 a mile, the range was from 367 pounds to 19,183. It appeared that in 1858 the average pay to railroads for postal service was \$115.77 per mile per annum; in 1867, \$112.08; that in this time the mails had increased three-fold in weight, and required more than three times as much space, at a large increase of cost to the companies. In view of these facts, Congress passed an act March 3, 1873 (published in the appendix of this report), for a readjustment of pay on the basis of weight and making a small allowance for space, where postal cars were used. The weighing in the fall of 1873 showed that the mails continued to increase. The largest daily average weight in 1867 was 23,825 pounds, carried 251 miles; in 1873, 39,170 pounds, carried 460 miles; roads carrying 16,000 pounds daily and furnishing postal cars were paid \$375 a year a mile, and those carrying more than twice as much no more. The largest daily weight carried in 1877 was 69,554 pounds; one road, making 98 trips per week, was paid \$839.30 per mile per annum, while another road, making 9 trips per week, carried 15,596 pounds, and was paid \$885.62.

Under the provision of the act of 1873, up to June 30, 1875, readjustments were made on 650 routes or parts of routes, making an increase of compensation on 509 routes and a decrease on 141, the net result showing an increase of \$1,663,018.16.

These laws make weight the basis of compensation, although space had become the basis of requirement; the weight of the mail has continually increased and the department has constantly demanded more space and greater facilities. In 1862, only 20 feet a day in a baggage car were required between New York and Philadelphia; in 1866, 100 feet; and in 1875, three postal cars, each 50 feet long; and in 1877, 650 feet. In 1868, on the Lake Shore & Michigan Southern Railroad, 13 feet were required, and in 1875 the fast mail, with four postal cars, and one postal car on another train. The act of 1876 reduced the compensation, which was before considered inadequate, 10 per cent. The fast and limited mails were immediately withdrawn, and other important mail facilities, which had become necessities, were withheld by some of the railway companies.

The only increase per mile in the annual compensation for transporting the mails from 1838 to the present time was the addition of 25 per cent in 1845, for service performed in the night, and the readjustment of 1873, by which \$25 for every additional 2,000 pounds was added to the compensation of railroads carrying over 5,000 pounds and an allowance of from \$25 to \$50 a mile for postal cars, according to their length. Immediately after this readjustment the department commenced the distribution of the newspaper mail on the postal cars, and this required nearly as much additional space as that used for the distribution of letters, but without additional compensation. During these 35 years the daily average weight of the mail carried from New York increased from 3,200 pounds in 1837 to 42,518 pounds in 1873, and to 60,933 pounds in 1876, and the space required on the roads running from New York west and south increased from 200 feet in 1868 to 1,000 feet in 1877. (p. 442.)

Under the heading "The basis of compensation," the report is as follows:

Weight is the proper basis for charges on freight trains, for each train usually carries one way as much freight and as many cars as the engine can draw. The weight of the paying and dead load are about equal; therefore, the average weight carried the train-mile, and the expense being ascertained, the charges are based upon weight. Space is the proper basis for charges in passenger trains. Every passenger train could carry twice as many passengers as there are seats, and nearly five times the average actually

carried. The paying load has, therefore, little relation to the dead weight. Therefore, the average number of passengers per train-mile, the length of the train, and the expense being ascertained, the charges should be based upon the linear feet occupied. If the mail was carried in bulk, it would be necessary to ascertain the value of the space occupied by a given weight before the cost of carrying it could be determined; but when space is required for distributing as well as for carrying the mail, the cost can be fairly determined only by reference to the space required. (p. 445.)

APPENDIX B.

VIEWS EXPRESSED BY POST OFFICE DEPARTMENT OFFICIALS, CONGRESSIONAL AND DEPARTMENTAL COMMISSIONS, AND RAILROAD OFFICIALS, FAVORABLE TO A SPACE-BASIS SYSTEM.

Remarks and suggestions respecting the compensation for mail service on railroad routes, by J. N. Davis, Post Office Department.

In practice, as a general rule, at least since July 1, 1851, one or more route agents have been appointed to accompany, receive, and distribute the mails on each railroad route, and an apartment has been provided and fitted up by the company for their use, varying in size, say, from one-eighth to one-half the length of a baggage or passenger car. So that the distribution of mails while in transit on railroad routes is not new, though the system has been extended within a few years past to matter passing over successive links in long mail lines, instead of being confined as before to mails passing between points less widely separated, with no local distributing post office intervening.

To extend the system in this manner, the Department in the year 1864 notified the proprietors of railroad routes composing several of the principal mail lines of the country that more car room would be necessary than they had previously provided. (Letters to the Postmaster-General explaining a proposed modification of the law, etc. By James N. Davis. G. P. O., 1876, p. 19.)

Discussion of the proper method of compensation to railroads for the transportation of mails, by George S. Bangs, General Superintendent. (Government Printing Office, 1875.)

Speaking regarding the difficulties experienced by the Department under the law of 1873, Mr. Bangs said:

The reason that while the present law apparently gives the Department fullest power to demand these accommodations, the railroads can, at their option, refuse them, is that there is no difference made in the compensation of these roads which do and those which do not furnish

them. The compensation is regulated by weight carried, and, excepting the allowance for railway post-office cars, space is not considered, or rather it does not become a fixed factor in the adjustment of the compensation. (P. 4.)

Again regarding frequency, he stated as follows:

In addition to the accommodations on the trains for the assorting of mails in transit the Department often wishes to establish exchanges of pouches between the more prominent offices on the line of a railroad, or beyond its terminus. These exchanges are of the utmost importance to the public; that is, while the smaller and less important towns can be easily supplied with all the mails they demand or are entitled to by the route agents, the larger and more important offices must necessarily have the more frequent mail supplies that their importance entitles them to. These mails do not make any perceptible increase in the weights, but rather divide the same weight between a greater number of trains, increasing the work performed by the railroad without increasing their compensation. For these reasons the road either refuses the use of the trains for these mails, or only allows them to a limited extent. This is the case on about half the railroad mileage in the whole country. (Pp. 4, 5.)

Again regarding space, he pointed out the fact that under the law of 1873 one railroad may furnish a much greater amount of car facilities in space and otherwise to the Department than another road furnishes and receive no greater compensation therefor, and states—

Is there not, then, in this fact alone, sufficient reason to warrant a new law governing the compensation upon a different basis?

The proper basis for the adjustment of the pay to railroads would be to base it upon the accommodations and service required and furnished; that is, the road furnishing the Department the most ample facilities for transmission and handling of the mails should be compensated in proportion. (P. 5.)

Again, regarding the weight system, he stated as follows:

A great objection to the weight system is its cumbrous nature. An agent of the railroad must accompany each train upon which mail is conveyed, to take weights as the mails are received and delivered. This entails great expense to the railroad. There is also a possibility of fraud in these weighings; that such is the case is evidenced from the fact that certain agents have negotiated with

different railroads to take charge of the weighing of mails and to receive compensation therefor upon conditions of an increase of compensation resulting from the weighing and readjustment. (P. 5.)

He mentions also the fact, which has continued to be conspicuous during the entire administration of the weight system, that after a weighing railroads will change their schedules and force the diversion of mails from the routes upon which they were weighed to other carrying lines. (Pp. 5, 6.)

Again, in regard to space, he stated as follows:

The difficulties presented above are but a few of those that attend the operation of the present law, but are enough to warrant, if not an entirely new law, at least a revision of the present one, embodying the propositions set forth in the former part of this communication. (P. 6.)

And again, as follows:

The advantages to the Department of basing the compensation upon space would therefore be, that the Department would be placed in a position where it could indicate its requirements and make a compensation for the same accordingly as they were furnished. If at any time an increase was desirable, the compensation increasing directly with the increased service required, and fixed at an equitable rate, there would be no difficulty in obtaining such increase of accommodations. By contracting to give certain rates for certain accommodations, if at any time a decrease was desirable, the Department would have no difficulty with the railroads, if they notified them that such was the case, from the fact that the Department would occupy the same relations toward them that their other customers do.

The railroads would not be put to the inconvenience and expense of weighings, nor would there be any liability of fraud being practiced upon the Department in these weighings. The Department, through its agents, could indicate the space required and the number of trains upon which the same was required, and a very simple estimate would indicate the compensation.

If at any time the Department considered that more accommodation or space was being provided and paid for than was necessary for the service upon any road, it could detail an agent to investigate the matter and report, as now is done respecting space and room for post offices throughout the country. In fact it would be as sensible

to base the size of room for post offices upon weight of mails as to base the compensation for space on railroads under the changed conditions of the Railway Mail Service. (p. 9.)

After referring to the views of the Department upon the question of mail transportation favoring space basis and mentioning the classes of service to be cared for in speaking of the third class or what he called "baggage cars, in charge of railroad employees," corresponding to the closed-pouch service, as now known, he said as follows:

The third class are those about which the Department has more difficulty with the railroads, in obtaining permission to forward on their trains, than with all other service, while they are perhaps fully as important. The reason that the railroads decline the use of their trains for this class of service is, as before stated, multiplying the labor while it does not increase the compensation. This class could be compensated for in the following different ways:

First. According to weight and distance transported, to be ascertained by report daily or quarterly from the railroads and post offices. This is the manner now obtaining in Canada.

Second. By keeping a record of pouches forwarded and reducing it to cubic feet occupied, and pay accordingly.

Third. By having set apart on each train upon which the Department wished to forward mails and using such space at the option of the Department.

The first and second methods are perhaps too cumbrous for this country, with its vast and intricate network of railroads, and would be open to many objections, especially as the weight, and consequently the compensation, would not be sufficient to warrant the complex system of keeping the accounts that would be necessary. The third would be simple and convenient, while the same guards could be thrown around any excess of allowance that are now thrown around all other post-office matters that can not be absolutely fixed, and the same that would be thrown around the allowance for space for route agents' apartments and railway post-office cars.

It is therefore recommended that mail conveyed upon other than railway post-office or route agents' trains be compensated for according to actual space occupied, the amount of this space to be ascertained from time to time by actual survey and estimate, to be made by agents of this Department. (Pp. 10, 11.)

In stating reasons why there should be one gauge or method for paying for mail transportation, and noting the fact that the baggage mails (at that time) were the only mails that came directly under the weight basis, he said:

And the question is, Should the whole question of mail transportation be made to conform to their requirements, or should they be made to conform to the much larger, the mails that are transported in route agents' and railway post-office cars? (P. 11.)

Report of Senator John H. Mitchell, Subcommittee of the Senate Committee on Transportation Routes to the Seaboard, June 23, 1874. (43d Cong., 1st sess., Rept. No. 478.)

After discussing the relation between the Federal Government and the railroads in the matter of mail transportation, the report continues:

The only questions here to be discussed, therefore, relate simply to the method of payment and to the amount of payment.

From the time of the introduction of railroads in this country until July 1, 1873 (act of Mar. 3, 1873), the various companies were paid for the transport of the mails on the general basis of weight carried. The mails were occasionally weighed for a number of days in succession, and the average of these weights was assumed to be the average weight of each mail carried on the road, until the next weighing. The weight of mails and the distances which they were carried formed the basis of all payments to railroad corporations.

The postal act of 1845 provided that the Postmaster General should arrange the railway mail routes of the country into three classes, according to size of mails, speed at which carried, and frequency and importance of the service, the pay for routes of the first class not to exceed \$300, of the second class not to exceed \$100, and of the third class not to exceed \$50 per mile of road per annum, with an allowance of 25 per cent in case one-half the service was performed during the night. Under these general provisions of the law the compensation of the several roads was granted by the Postmaster General, the size of the mails being generally determined by their weight. It is to be noted that the law simply fixed maximum limits for

the payments of the three classes of roads, the character of the service performed by each class being determined, under regulations, by the Post Office Department. The railroads of the country being thus classified, the amount of compensation received by each road was determined by the Postmaster General, or by one of his agents authorized to make contracts for carrying the mails, the only rules for their guidance in each particular case being the law and regulations just mentioned and a general line of precedents based upon the experience of the Department in the transport of the mails by rail. The rates of payment then established are shown in the following table:

Common average weight of mails on railroad routes receiving various rates of pay previous to act of Mar. 3, 1873.

Common average weight of mails per day.	Rates of pay per mile per annum.
200 pounds.....	\$50
500 pounds.....	75
1,000 pounds.....	100
2,000 pounds.....	150
6,248 pounds.....	\$200 to 275
13,139 pounds.....	300
18,470 pounds.....	375

During the year 1864 the post-office-car system was first introduced. By distributing the mails on the train during their passage between the principal cities, the time formerly required in their work of distribution at all important cities was saved. The system has proved to be of inestimable value to society and to commerce, and the suspension of it, or the abridgment of the privileges now afforded the Post Office Department in this respect, would be considered a great public detriment. Soon after the establishment of the post-office-car service it became evident that the law of 1845 under which the payment to railroads for carrying the mails was based upon weight, did not provide adequate compensation for the post-office-car service, the *space occupied*, instead of the *weight carried*, being the proper measure of the value of that service. This is evident, inasmuch as the post-office cars are seldom loaded to even one-fourth of their carrying capacity when expressed in weight. To meet this difficulty the act of March 3, 1873, was prepared at the Post Office Department and passed by Congress, in the belief that its provisions would prove to be just to the Government and at the same

time acceptable to the railroad companies. It was also designed to enable the Post Office Department to concentrate a large amount of mail matter upon main trunk lines, and thus to reduce the aggregate cost of transportation. An increase on the weight of mails carried on any road is also pecuniarily advantageous to the railroads, as the *weight pay* always exceeds the cost of transportation when carried in bulk. Results prove that this end has been accomplished. (Pp. 17, 18.)

Letter of Theodore N. Vail, General Superintendent Railway Mail Service, to Hon. Gardiner G. Hubbard, chairman of the Special Committee on Railway Mail Service Transportation, Washington, D. C., dated January 13, 1877.

By this letter Mr. Vail transmitted certain tables giving statistical information, and in regard to a desirable change in the law of 1873, stated as follows:

I do not think I could say anything in this letter that would add to what I have already stated to your committee of the absolute necessity for some change in the method of compensating railroads for mail transportation. (P. 391.)

The interesting feature of these tables is that they state the entire railroad mail service upon a space basis, not only including the space devoted to the distribution in railway post-office cars, but the space necessary for transporting the mails in baggage and storage cars.

Communications to the Hubbard Commission.

Pennsylvania Railroad Co.:

It is now generally conceded that the rate of pay should be based upon space in car or of car occupied, speed at which mails are transported, and the importance of the service performed to the general public, each of which may be conclusively ascertained, the first being of record at the Post Office Department and the second on the published schedules of the carrying company, while the third will of necessity be for the decision of the Postmaster-General. (Signed) Strickland Kneass. (Report of The Special Commission on Railway Mail Transportation. G. P. O. 1878. P. 60.)

St. Paul & Sioux City Railroad Co.:

The mode of determining the rate of compensation to roads in a new country does not seem just. The weight of mails carried is not a fair criterion. All the costs to a railroad company of post-office cars, lighting and warming, terminal and way service, carrying messengers and agents, are about the same for a mail averaging 1,000 pounds as for a mail of 500 pounds. (*Id.*, p. 76.)

Report of General Superintendent Railway Mail Service, November 1, 1877, Theodore N. Vail, General Superintendent.

Mr. Vail, on page 16, referred to the unsatisfactory basis for paying for railroad mail transportation, and indicating the desirability of changing to a space basis, in the following language:

Under the present law the payment for weight is greatly excessive if the mail is carried in bulk only, while the payment for car space is greatly deficient where long postal cars are provided. It is vastly more profitable to carry the mails in bulk, stowed away with baggage. It is therefore to be expected that the companies will not furnish car space sufficient for the proper distribution unless there be some other and greater inducement than that now afforded by the schedule of payment for postal cars.

As the department can by a simple and practicable change in the present law be placed in an attitude where it can negotiate and command, rather than coax and beg, and this, too, without a material increase in the expenses of mail transportation, it seems but reasonable to ask that it be done. (P. 16.)

In discussing "essential features of a law governing compensation for mail transportation," he stated as follows:

The essential elements of a bill to regulate the compensation to railroad companies for the transportation of the mails are—

First. Payment in proportion to the service performed—increasing with increase of service; decreasing with decrease of service; recognizing frequency, quality, and efficiency of the service. (P. 17.)

Letter from the Postmaster General transmitting the report of the committee appointed to devise a more complete system of gauging the rates of pay for carrying the mails on railroad routes. (48th Cong., 1st sess., H. Doc. No. 35.) (The Elmer-Thompson-Slater Commission, 1883.)

This commission was a departmental commission which investigated the subject fully and reported, *inter alia*, as follows:

The idea has been advanced in some quarters that a correct basis of compensation might be obtained by a comparison of freight rates, with increased allowances for the greater speed at which the mail cars are conveyed.

The fallacy of all such reasoning will easily appear on reversing the proposition. It would be counted an illogical proceeding to attempt to deduce freight tariffs from data furnished by passenger traffic. The mails form a part of the passenger trains, the mail pay is counted a part of the passenger train receipts, the cars are conveyed at the same rate of speed at nearly the same cost per linear foot per mile run as the rest of the train.

All conclusions, therefore, as to the mail transportation should, in justice, be drawn from comparisons in the passenger traffic. And if it can be shown that the system hereafter recommended by the committee will in general result in giving to the railroad companies a rate of pay proportional to the space occupied by the mail apartments, no just grounds of complaint will exist. The committee must assume, further, that the Department can not enter into the matter of making discriminations in pay as between those roads having a large or a small amount of traffic; or as between those roads that were costly or otherwise in construction, costly or otherwise in maintenance; or as between those situated east or west of a fixed meridian, north or south of a given parallel. All these things will be found suggested in the correspondence; but the adoption of any such features would simply defeat in advance any general and uniform method of dealing with the subject of railway mail transportation.

* * * * *

But it was the unanimous judgment of the committee that if they should once admit as an element such contingencies and exceptions, there would be an end to the possibility of any result from their labors. They have agreed, therefore, upon a uniform schedule, as better and safer than any plan which would practically leave the whole matter open to discretion or arbitration. (P. 13.)

THE BASIS OF COMPENSATION.

Taking up the subject in the order indicated in the letter put forth by the committee, we come first to the basis on which the rate of compensation should be determined.

The changed conditions of the service compel a different basis on which to estimate the rate of pay. The present system is cumbrous, and is gauged chiefly by the weight of the mails, which is not the only element to be considered.

Since weight no longer enters as the chief factor in the determination of the requirements of the service—space being the chief thing—weight becomes a modifying element only as it helps to determine what space will be required, fixing a definite limit to the amount of space to be used and paid for on all roads.

The problem is, therefore, to determine approximately the amount of space required in every instance, and the value of it, applying to this required space the rate allowed, as deduced from some average space value, modified by the allowance for the rate of speed at which the mails are conveyed. Whilst the reasonableness of shifting the basis from weight to space is apparent, still a word of explanation may be necessary as to the part that weight is to play in the new scheme proposed by the committee. (P. 14.)

Following the above statement the commission expresses apprehension that if space alone be the measure it might lead to abuse of discretion in authorizing space, and suggest that a check upon the space authorized might be secured by weighings of the mails.

Upon the application of the law of competition, the commission stated as follows:

Since the Railway Postal Service—by the very nature of it—is debarred from those advantageous rates of which it might avail itself if competition were possible, it would seem to be but fair and natural that the laws which obtain in competition should also hold here, at least in part.

One well-known authority on transportation, writing of governmental regulation of railroad tariffs, says, in reply to the question whether a railroad shall carry its freight and passengers for the same that other lines charge, or not carry them at all—

“All that has to be known by the railroad manager to answer this question is the minimum cost at which the service can be performed. If the obtainable rate exceeds cost, no matter how little, it becomes his interest to accept the terms offered.”

The application of this well-known principle in the operation of railroads, so far as the mails are concerned, would be, not to argue, in the absence of competition, that the mails should be carried as if under competition, at the smallest margin above cost, or at the minimum of profit; but rather to argue that the scheme of the committee should not be open to fatal objection simply because it did not reach the maximum of profit on comparison with other items of passenger traffic. In other words, as the Government could not, in justice, demand the railroads to carry the mails at rates so low as to be practically unremunerative, so neither could the railroads fairly demand the highest possible rate of compensation. (Pp. 15, 16.)

The recommendations of the committee, so far as they relate to space, were as follows:

(1) That the compensation to the railroads for carrying the mails shall be determined upon the basis of the space used and the frequency and speed with which the mails are conveyed.

(2) That the space factor shall be determined by the Postmaster General, in view of the needs of the service, modified by the weight and frequency of the mails; that the speed factor shall be determined by the schedules of the various railroads in connection with the official reports of the Railway Mail Service.

(3) That the pay for all mail transportation shall hereafter be at a fixed rate per linear foot of car per mile run. This rate to cover the entire cost of the service, furniture, and fixtures in the car, transportation of postal clerks, etc.

(4) That the Postmaster General may at any time order an increase or a reduction in the amount of space to be paid for, if, after a weighing, it be found that there has been a sufficient increase or diminution in the amount of mails transported on any railroad to require the same.

(5) The closed or pouch mails, now carried in express or baggage car, without postal clerks accompanying them, requiring no space for distribution en route, shall be paid for on the following basis, viz, the aggregate weight of the closed or pouch mails carried on any road on all trains for 24 hours shall be made the basis of pay, and this aggregate weight reduced in an equivalent in linear feet of car space in the following proportions:

Two hundred pounds of mail or less shall be rated as the equivalent of 6 linear inches, to be paid for at the rate of 5 mills per linear foot per mile run.

Five hundred pounds of mail shall be rated as 1 linear foot, and for each additional 500 pounds 1 linear foot of car space shall be allowed, with the proviso that the pay for transportation of mails upon any railroad route for six round trips per week shall not be less than \$35 per mile per annum. (P. 16.)

The commission received numerous communications from railroad companies in response to inquiries sent out asking, among other things, a statement with reference to the proper basis for fixing compensation. The following named companies favored space more directly than other bases, while many favored a combination of space and weight, and some favored a modification by consideration of speed:

Boston & Lowell Railroad:

As a proper basis for compensation, would say that when carried in postal cars it is our opinion a price per foot per mile for space furnished should be paid, instead of a price, as at present, based on weight, for the reason that where postal cars are run it is as great an expense to run the car with a light weight of mails as to run it heavily freighted, the difference in expense to the railroad being well-nigh impossible to estimate.

When the mails are carried in baggage cars we would suggest a price per pouch or sack per mile carried as a more equitable basis than by weight; and it is our opinion that Government should assume the outside service, viz, the transportation of the mails between the stations and the offices, which is now in many cases assumed by the railroad corporations. (P. 26.)

Carolina Central Railroad Co.:

I respectfully suggest that railroad lines should be compensated for mail service, not only in proportion of weight of mails carried, but in proportion to space occupied and other service performed. (P. 28.)

Chesapeake & Ohio Railway Co.:

That the present law regulating the transportation of mails by rail, if not a failure, is conceded by all parties concerned to be decidedly unsatisfactory, but just what should be substituted for it seems to be a difficult question to decide. The principal objections to the present law are, in my opinion—

First. That it is not equitable in its effect, inasmuch as it pays to the railway no more for service performed on a number of trains each way over the road daily than for the same amount of service on a single train each way daily—when it is a well-established fact, not only with railways, but with business enterprises in general, that it costs more to perform a certain amount of work at different times than to do the same service at one time. * * *

Second. It pretends to fix the compensation to be paid for the transportation on the average weights of mails carried, and yet provides for but one weighing, and that to be done at the commencement of the term, which average weights must govern the rate of compensation for service performed by the railway company during the entire term of four years, notwithstanding the fact that there is a natural increase in the weights of mails carried of about 10 per cent each year, thus compelling the carrier to perform a very considerable part of the service free or without compensation. (P. 33.)

This complaint regarding the system of weighing not less frequently than once in every four years is complained of by many in their communications, and the ground of the complaint is applicable to any system of weighing which is not continuous.

Kansas City, Fort Scott & Gulf Railroad Co.:

When mail is carried on regular passenger trains, which are run with special reference to the passenger business, the compensation for carrying it should be at least what the railroad company can earn by using the space required by the Post Office Department for some other purpose. That space can certainly be filled in one direction with goods paying first-class rates, and usually in both directions. Compensation should be allowed for carrying clerks and agents, possibly one-half the first-class rates, for the fuel and lights used, and for carrying the mail between post offices and the cars. (P. 44.)

Knox & Lincoln Railroad Co.:

First. I do not consider that the pay for transporting mails on short roads running two or more trains each way daily, with separate apartments for the service and carrying only local mails, should be based on weight alone. It makes little difference with a railroad company whether they carry one or two thousand pounds of mail a day.

The New York Central & Hudson River Railroad Co.:

We are of the opinion that the basis of speed and space are the proper elements to use in order to arrive at a just and equitable compensation, and as the service is performed by the passenger trains the rate should not be less than the average rate received for such service. (P. 52.)

Northern Railroad:

As a proper basis for compensation, would say that when carried in postal cars or compartments of cars with Government clerks in charge, it is our opinion a price per foot per mile for space furnished should be paid instead of a price as at present based on weight, for the reason that when postal cars are run it is as great an expense to run the car with a light freight of mails as to run heavily freighted, the difference in expense to the railroad being well-nigh impossible to estimate.

When the mails are carried in baggage cars, we would suggest a price per pouch or sack per mile carried as a more equitable basis than by weight; and it is our opinion that the Government should assume the outside service, viz, the transportation of the mails between the stations and the offices, which is now in many cases assumed by the railroad corporations. (P. 54.)

Northern Pacific Railroad Co.:

I think it is beyond question that the basis of compensation should be the car space required for the accommodation of the service and not, as now, the supposed weight of the mails carried. The present basis (weight) is inequitable. The facilities required to be furnished for the carrying and handling of the mails render the actual value of the service impossible of computation on the weight of the matter carried; and the same or equal facilities must be provided (within reasonable limits) whatever the weight of the mails may be. The difference in the actual cost of transporting 1 ton and 10 tons weight of mails is almost inappreciable, considering the room and other accommodations that must in any case be furnished. Besides this, the present system is uncertain and therefore unsatisfactory both to the Department and the railroad company. (P. 55.)

Richmond & Danville Railroad, Charlotte, Columbia & Augusta Railroad, Columbia & Greenville Railroad, and the Virginia Midland Railway Co.:

Compensation for space and speed per train-mile would more nearly meet the requirements than any other simple basis, if the length of haul, the weight of mails to be

handled, the proportion of locked mails which are sent in charge of the railway companies' officers, and the number of agents of the department transported are taken into account in fixing the rate of compensation. (P. 59.)

Report of the Postmaster General for 1884.

The Postmaster General in his report for 1884, page 23, referred to the report of the committee on revision of laws governing postal transportation by railroads and to the fact that its leading recommendations were embodied in a bill then before Congress. He refers to the analysis made by the Second Assistant Postmaster General in that part of his report entitled "Railroad rates" and concludes with this recommendation:

Manifestly there is need of once more revising this most important work, and I would strongly recommend that the bill proposed be given careful consideration, that for the sake of economy and justice this measure may become the law for the future guidance of this department. (Report of the Postmaster General, 1884. P. 106.)

The proposed bill referred to is set forth in full on page 106 of the report and is a space-basis bill in all respects.

Report of the Joint Commission to Investigate the Postal Service (Loud-Wolcott Commission). (56th Cong., 2nd sess., H. Rept. No. 2284, 1901.)

In the testimony taken before this commission the following witnesses favored space as the basis for compensation:

Marshall M. Kirkman, second vice president Chicago & North Western Railway.

Q. After all, it is a question of space, is it not, Mr. Kirkman?—A. So far as the Post Office Department is concerned, no. It is a question of service. We render many services to the Post Office Department that we do not render to anybody else and that are not paid for nor connected with the mail proper as a matter of fact.

Q. We understand that; but, in comparing it with express, would that not be the best method of comparison—the amount of space you furnish the express company and

the amount of space you furnish the mail?—A. That, in my judgment, is the proper basis of compensation, adding to it what we furnish the Post Office Department that we do not furnish the express company.

(Printed testimony, Part I, p. 217.)

Erastus Young, general auditor of the Union Pacific System:

It has been said already that to speak of the rates paid for mail service as so much per ton per mile is misleading. This is not only because of the special services required in connection with the carrying of the mails, but also because of the large amount of car space required for a certain weight of mails as compared with freight. In fact, the car space required would be a much fairer measure of the mail service than the weight carried.

(Printed testimony, Part I, p. 349.)

W. S. Shallenberger, Second Assistant Postmaster-General:

If your intent through this investigation is to secure a new basis of compensation, then space and speed, rather than weight, should be considered.

(Printed testimony, Part I, p. 403.)

Edward D. Kenna, first vice president and general solicitor of the Atchison, Topeka & Santa Fe Railway Co.:

Having ascertained the amount it has cost us to move all of our passenger trains during the year, then we can apportion to the total cost of the mail service that part which it bears to the total cost of moving our passenger trains. I should say that we have adopted the space basis in this apportionment, and for reasons which seem to be fair and to make it the only reasonable basis to adopt. I think there is none other that you can adopt.

(Printed testimony, Part I, p. 560.)

Albert W. Sullivan, general superintendent of the Illinois Central Railroad:

Q. Now, what in your opinion should be the basis of compensation between the Government and the railroads for carrying the mails; should it be based upon space?—A. Space is the more important.

Q. What other elements enter into consideration?—A. Space and weight.

Q. And speed, or service?—A. Yes, sir; frequency of service and speed.

Q. Those are the elements?—A. Yes, sir.

(Printed testimony, Part I, pp. 607, 608.)

Cited by Mr. Bradley. Paper read before the commission, "Cost of transportation on American railroads," by Albert Fink:

The great difference between the cost and compensation is the result of basing the latter upon the net weight of the mail for the actual distance carried, while in reality these elements do not influence the cost of the service materially. Nor does the law make any provision in case the mail is carried on more than one train. The compensation is the same, whether accommodations for the service have to be provided on one or five trains.

(Printed testimony, Part II, p. 148.)

V. J. Bradley, superintendent Railway Mail Service:

Out of 2,587 mail routes there are over 800 which earn \$42.75 or less per mile of route per year, thus indicating that they carry 200 pounds or less per route mile per day. In these cases, if there is single daily service each way over the route, there would be an average of 100 pounds or less per train per day. If there is double daily service each way, there would be an average of 50 pounds per train per day; and so the average weight per train would dwindle down accordingly as the frequency of service increases.

Surely the use of the term "tonnage" in relation to these routes, forming one-third of all the routes in the country, is a misnomer.

The same criticism could be made in a modified degree regarding the other 1,600 routes, including some sample routes just quoted above, where the greatest proportion of trains in number carry small average quantities of mail.

There seems to be no class of traffic that is similar in character and frequency to the mail business in its relation to railroad transportation. The calculations that have been made on the basis of tonnage are not only in great degree antagonistic to the conditions of the service, but they also naturally, though improperly, invite comparison with freight service. The assumption is that the mails are moved in carload lots, or similar large quantities, so that it would be suitable and even desirable that in fixing the rate of pay for railroad transportation the rate per ton per mile should be made the primary specification. (P. 152.)

Cited by Mr. Bradley as views expressed before the Elmer Thompson-Slater Commission, 1883.

(1) *The New York Central & Hudson River Railroad.*—This company expressed the opinion that the bases of speed and space are the proper elements to use to arrive at just compensation, and as the service is performed on passenger

trains, the rate should not be less than the average rate for this service.

(Printed testimony, Part II, p. 162.)

Comment on the several propositions.—It is to be observed from these various recommendations, just as has already been pointed out, that space required and occupied is the factor which all these investigators agreed upon as a fundamental basis for a proper rate of pay, this recommendation agreeing with the best expert opinion within the postal service. It is also believed that if the pay were arranged on the basis of space needed and occupied the appropriation would not be subject to such rapid increases which have been experienced because of the constantly augmented weight of mail carried, which has not involved the allotment of space in anything like the same proportion. This is illustrated by the testimony that the average load carried by the average postal car is about 2 tons, whereas its capacity in the space allowed for storage would ordinarily carry from 4 to 6 tons.

(Printed testimony, Part II, p. 164.)

The Loud-Wolcott Commission stated in regard to space as a basis of compensation as follows:

The commission, while recognizing that the question of "space" must be considered as having a strong influence upon the question of the reasonableness of the present railway mail pay, feels unwilling to recommend it as the controlling standard by which the rates of compensation for the transportation of the mails shall be fixed, because of the impossibility, with the evidence before the commission, of applying the "space" basis of payment to the carriage of the mails. (Report of joint commission to investigate the Postal Service. G. P. O. 1901. 56th Cong. 2d Ses. Rep. No. 2284, p. 15.)

Congressman E. F. Loud, a member of the commission, reported specially upon space as follows:

Space, in my opinion, should be the basis of pay; and I reach this conclusion from the fact, which must be apparent to everyone who has made a careful study of this question, that space is the principal and therefore should be the controlling factor.

The testimony shows that the average weight of mail carried compared with the carrying capacity of the space used is as one to twenty and over, which, of course, renders the ratio of unknown factors or uncertainties to known factors or certainties as one to twenty and over.

The carrying capacity of a given amount of space is easily ascertainable, and when obtained it would seem to

be not a difficult task to find the carrying capacity of similar space either upon freight or passenger trains, or both; or, to express myself in another way, on the basis of weight the unknown factors are as twenty to one, while on the basis of space the known and unknown would seem to balance, and the result more nearly scientific and mathematically more accurate.

It may be urged, and it is the testimony of some, that under the space basis the tendency would be to unduly increase the space, hence increase the rate of pay beyond what would be fair and just. To admit this would, to my mind, be a conclusion that our executive officials are incompetent or corrupt, and almost a conclusion that our form of government is a failure. Experience has taught me that our officials are honest, careful, and painstaking, and competent. I believe that a larger degree of personal responsibility placed upon the officials would result in a more efficient and economical administration, especially of this branch of our governmental affairs, which is a business branch wholly. And if this basis be adopted, Congress then, as now, would hold the purse strings and could appropriate for only so much space as it saw fit, after a careful investigation of the recommendations of the department and in their opinion the demands of the service required.

Under the present system railway post-office cars, which I denominate space, are so small a factor of consideration in the total of mail pay that there is not the incentive to curtail space that there would naturally be where space was the whole or, at least, the controlling factor. Under the present system, especially on the light routes using railway post-office cars, each increasing pound of weight means increased compensation. On the basis of space no increase in compensation would result from any increase of weight until at least the maximum carrying capacity of the car had been reached. Or, to express it another way, it would require substantially the same space to distribute 4,000 pounds as 8,000 pounds of mail. It would remove the expensive and aggravating system of weighing which is now had upon each system once in four years. It would simplify the now complex mail system, so that the average mind could comprehend the subject.

There will be urged as one of the objections to this system that some of our service is pouch service and the space to be occupied is difficult of measurement. That is true, but payment for such service could easily be made upon the basis of average number carried for a period of 30 days to fix the rate for one year. (*Id.*, pp. 22, 23, 24.)

Letter from the Postmaster General submitting a report giving the results of the inquiry as to the operation, receipts, and expenditures of railroad companies transporting the mails, and recommending legislation on the subject. (62d Cong., 1st sess., H. Doc. No. 105, 1911.)

Postmaster General Hitchcock in this report transmitted to the Speaker of the House of Representatives on August 12, 1911, the results of the investigation made by the Post Office Department under authority of the act of March 3, 1879. His report submitting the results stated in part as follows:

The act of March 3, 1879, chapter 180, section 6 (20 Stat. L., 358), provides as follows:

“The Postmaster General shall request all railroad companies transporting the mails to furnish, under seal, such data relating to the operating, receipts, and expenditures of such roads as may, in his judgment, be deemed necessary to enable him to ascertain the cost of mail transportation and the proper compensation to be paid for the same; and he shall, in his annual report to Congress, make such recommendations, founded on the information obtained under this section, as shall, in his opinion, be just and equitable.”

Under the authority granted the Postmaster General by this provision of law the railroad companies carrying the mails were instructed, in the summer of 1909, to formulate during the month of November in that year the data the Department requested, in order to enable it to determine the cost to such railroads of mail transportation. The information called for was reported in great detail to the Department, where it has been carefully tabulated and analyzed, under the direction of the Second Assistant Postmaster General and a committee of departmental officers, whose report on the subject is herewith inclosed.

The committee finds, as a result of the inquiry, that the amount of mail service performed by railroad companies can be ascertained in comparison with the passenger and express services they perform, thus permitting an apportionment of the revenues and expenses among these three classes of service. By this method, which has not been previously employed, it is also found possible, for the first time, to determine the total expense chargeable to the performance of mail service in comparison with the revenue received by the company therefor and to show the gain or loss in the aggregate, or by the unit of service; that is, by the car-foot mile.

It develops, from the calculations made on this basis, after a proper assignment of operating expenses and taxes and a full consideration of all other factors of expense, that the performance of mail service at the present rates is profitable to certain railroad companies and unprofitable to others. Taken as a whole, it is shown that the railroad companies are receiving from the Government for transporting mails payments considerably in excess of the cost of such service. The committee estimates that through a readjustment of railway mail pay on the basis of cost with 6 per cent profit a saving to the Government could be made of about \$9,000,000.

The laws now in force relative to railway mail pay provide that the compensation shall be adjusted on the basis of the average daily weights carried over the several established railway routes and that an additional amount may be allowed for railway post-office cars when the space for distribution purposes occupies 40 feet or more of the car length. No additional compensation is allowed for space for distribution purposes occupying less than 40 feet of the car length. This distinction is a purely arbitrary one and without any logical reason for its existence. It affords a striking example of the unscientific and unbusinesslike methods now followed in adjusting railway mail pay.

The desirability of a revision of these methods has been long recognized, but the Department has hitherto failed to make specific recommendations to Congress. As the result of the inquiry just completed, however, it is now prepared to suggest a plan that is believed to be a decided improvement over existing methods.

An essential feature of the plan is the requirement that all railways shall report annually to the Postmaster General, following the methods of the recent inquiry, the expenses they incur in carrying the mails, this information to be used by the Department in determining the cost to the railways and a fair rate of profit. Under the new plan the method of fixing railway mail pay in accordance with weight will be entirely abandoned. The weighing process has not only proved to be a most expensive operation, but it has been quite unsatisfactory as a basis for adjusting compensation. It is proposed to substitute for this process the method of fixing compensation in accordance with the amount of space required in cars for the distribution and carriage of the mails, making proper allowances, of course, for the extent and frequency of the service performed. (P. 3.)

Report of the Joint Committee on Postage on Second-class Mail Matter and Compensation for the Transportation of Mail. (Aug. 31, 1914, 63d Cong., 2d sess.)

The report of Postmaster General Hitchcock (H. Doc. No. 105, 62d Cong., 1st sess.), resulted in the appointment of a joint committee of the Senate and House of Representatives to make inquiry into the subject of postage on second-class mail matter and compensation for the transportation of mail under authority of the act of August 24, 1912. This committee held extensive hearings, the details of which are printed in the "Preliminary Report and Hearings of the Joint Committee on Postage on Second-class Mail Matter and Compensation for the Transportation of Mail, of the Congress of the United States, January 24, 1913, to April 3, 1914, Government Printing Office, 1914," and made "Report of the Joint Committee on Postage on Second-class Mail Matter and Compensation for the Transportation of Mail, August 31, 1914, Sixty-third Congress, second session, Government Printing Office, 1914." In this report the space basis was recommended in the following language:

SPACE AS A SUBSTITUTE FOR WEIGHT.

This brings us to a consideration of the space basis as a substitute for the present system.

While one's first impression is that weight is the chief factor in determining all transportation costs and charges, a more careful consideration of the subject will show that this is not the case.

The bulk of the freight business is carried in what are known as carload lots. In the carload freight business, space is taken into consideration in that a minimum weight per car, varying with the bulk of the commodity, is fixed, and the shipper must pay at least the minimum carload rate regardless of the amount of freight in the car. In fixing rates upon different commodities shipped in less than carload lots, the bulk of the commodity as well as its weight receives consideration. For example, a carriage or furniture that is taken apart and packed into a crate will be transported at a less charge than the same article shipped set up. The reason for the difference, although the weight be identical, is that in one instance less space is occupied than in the other.

The same principle obtains, in general, in fixing passenger rates. The charge is so much per passenger, whether the passenger be a heavy man or a light man. The same is true in the fixing of Pullman fares. A certain amount is charged for the use of a berth whether it be occupied by one or two persons.

The justification for this consideration of space in fixing transportation charges in the passenger service is that the car itself weighs more than its contents. This is also true in the case of mail. A storage car contains the largest quantity of mail which it is possible to ship in one conveyance. Yet, the steel storage car weighs about 50 tons, while the mail it carries usually would not exceed 10 tons. In the ordinary post-office car, however, so much of the space is used for the distribution of mail that on an average only 2 to 3 tons of mail matter is carried, while the car itself, if of steel, weighs some 60 tons.

It will readily be seen, therefore, that if the railroad company is required to haul 60 tons of car and only 2 to 3 tons of mail therein, the chief source of expense is in the transportation of the car, not in the transportation of its contents. If the Government, for the purpose of facilitating the rapid distribution of mail, chooses to load a car with only 2 to 3 tons of mail, it should pay the railroad on a basis that will afford a reasonable compensation for the hauling of both car and contents.

Heretofore the railroads have received their compensation in two classes—first, for the transportation of a certain quantity of mail ascertained by weight; and, second, a charge for space in and haulage of railway post-office cars 40 feet or more in length utilized for mail distribution in transit. This is an express recognition of the right of the railroads to compensation for hauling the working space. We are already on a partial space basis.

It is to the interest of the Government, however, to fix the compensation on such a basis as will encourage the department and its employees to utilize all the space it is practicable for them to use. Naturally, it will be the desire of the department to make as good a record as possible for economical management. If the entire compensation be based upon a standard of space, the supervisory officials in the department will encourage and require their employees to utilize that space as fully and economically as possible. The judicious expenditure of public money will thus be encouraged and economic waste minimized.

ADVANTAGES OF SPACE BASIS.

We favor the adoption of space rather than weight as the basis for measuring the service rendered, for the following reasons:

It permits fluctuation of mail pay with every material fluctuation in the service.

It eliminates the cost and inconvenience of the quadrennial weighing.

It eliminates the temptation for dishonest efforts to either deplete or pad mails during the weighing periods, because it abolishes all weighing.

It minimizes waste by encouraging the Post Office Department to utilize as nearly as possible all the space it pays for in mail cars.

It constitutes a system of compensation so definite, simple, and clear that any citizen can understand it and can know exactly what service each railroad is rendering, its rate of pay, and the amount of annual compensation.

Rapid development of the Parcel Post Service furnishes another strong reason for the substitution of space for weight as a basis of railway mail compensation. Since expansion of the parcel post, the quadrennial weighing has become much more unsatisfactory as a means of determining the compensation to be paid for transportation. (Pp. 63, 64.)

The committee reported a bill authorizing and directing the Postmaster General to readjust the compensation of steam railroad companies for the transportation of the mails along the lines of its recommendation. (Pp. 21-23.)

Following this report the Congress enacted the law of July 28, 1916, commonly referred to as the "Space-basis act," under the provisions of which the Postmaster General restated the principal part of the service upon the space basis, and filed his statement with the Interstate Commerce Commission for the purposes named in the act. The proceedings herein followed.

APPENDIX C.

THE STATUTES PRESCRIBING THE RATES OF PAY FOR THE TRANSPORTATION OF THE MAILS BY RAILROADS AND THEIR PERFORMANCE OF SERVICE IN CONNECTION THEREWITH.

Act of January 25, 1839 (5 Stat. 314).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Postmaster General shall not, by virtue of the authority vested in him by the second section of the "Act to establish certain post routes and to discontinue others," approved July seventh, eighteen hundred and thirty-eight, allow more than three hundred dollars per mile per annum to any railroad company in the United States for the conveyance of one or more daily mails upon their roads: Provided, That nothing in this act contained shall be construed so as in any way to remove or impair the limitations upon the power of the Postmaster General imposed by that section.

Act of March 3, 1845 (5 Stat. 738).

SEC. 19. *And be it further enacted, That to insure, as far as may be practicable, an equal and just rate of compensation, according to the service performed, among the several railroad companies in the United States, for the transportation of the mail, it shall be the duty of the Postmaster General to arrange and divide the railroad routes, including those in which the service is partly by railroad and partly by steamboats, into three classes according to the size of the mails, the speed with which they are conveyed, and the importance of the service; and it shall be lawful for him to contract for conveying the mail with any such railroad company, either with or without advertising for such contract: Provided, That for the conveyance of the mail on any railroad of the first class, he shall not pay a higher rate of compensation than is now allowed by law; nor for carrying the mail on any railroad of the second class, a greater compensation than one hundred dollars per mile per annum; nor for carrying the mail on any railroad of the third*

class, a greater compensation than fifty dollars per mile per annum. And in case the Postmaster General shall not be able to conclude a contract for carrying the mail on any of such railroad routes, at a compensation not exceeding the aforesaid maximum rates, or for what he may deem a reasonable and fair compensation for the service to be performed, it shall be lawful for him to separate the letter mail from the residue of the mail, and to contract, either with or without advertising, for conveying the letter mail over such route, by horse express or otherwise, at the greatest speed that can reasonably be obtained; and also to contract for carrying over such route the residue of the mail, in wagons or otherwise, at a slower rate of speed: *Provided*, That if one-half of the service on any railroad is required to be performed in the night season, it shall be lawful for the Postmaster General to pay twenty-five per cent in addition to the aforesaid maximum rates of allowance: *And provided further*, That if it shall be found necessary to convey over any railroad route more than two mails daily, it shall be lawful for the Postmaster General to pay such additional compensation as he may think just and reasonable, having reference to the service performed and the maximum rate of allowance established by this act.

Act of July 28, 1916 (39 Stat., 412 (425, 431)).

That the Postmaster General is authorized and directed to readjust the compensation to be paid to railroad companies from and after the thirtieth day of June, nineteen hundred and sixteen, or as soon thereafter as may be practicable, for the transportation and handling of the mails and furnishing facilities and services in connection therewith upon the conditions and at the rates hereinafter provided.

The Postmaster General may state railroad mail routes and authorize mail service thereon of the following four classes, namely: Full railway post-office car service, apartment railway post-office car service, storage-car service, and closed-pouch service.

Full railway post-office car mail service shall be service by cars forty feet or more in length, constructed, fitted up, and maintained for the distribution of mails on trains. The authorizations of full railway post-office cars shall be for standard-sized cars sixty feet in length, inside measurement, except as hereinafter provided.

Apartment railway post-office car mail service shall be service by apartments less than forty feet in length in cars constructed, fitted up, and maintained for the distribution

of mails on trains. Two standard sizes of apartment railway post-office cars may be authorized and paid for, namely, apartments fifteen feet and thirty feet in length, inside measurement, except as hereinafter provided.

Storage-car mail service shall be service by cars used for the storage and carriage of mails in transit other than by full and apartment railway post-office cars. The authorizations for storage cars shall be for cars sixty feet in length, inside measurement, except as hereinafter provided: *Provided*, That storage space in units of three feet, seven feet, fifteen feet, and thirty feet, both sides of car, may be authorized in baggage cars at not exceeding pro rata of the rates hereinafter named for sixty-foot storage cars.

Service by full and apartment railway post-office cars and storage cars shall include the carriage therein of all mail matter, equipment, and supplies for the mail service and the employees of the Postal Service or Post Office Department, as shall be directed by the Postmaster General to be so carried.

Closed-pouch mail service shall be the transportation and handling by railroad employees of mails on trains on which full or apartment railway post-office cars are not authorized, except as hereinbefore provided. The authorizations for closed-pouch service shall be for units of seven feet and three feet in length, both sides of car.

The rates of payment for the services authorized in accordance with this section shall be as follows, namely:

For full railway post-office car mail service at not exceeding 21 cents for each mile of service by a sixty-foot car.

In addition thereto he may allow not exceeding \$4.25 as a combined initial and terminal rate for each one-way trip of a sixty-foot car.

For apartment railway post-office car mail service at not exceeding 11 cents for each mile of service by a thirty-foot apartment car and 6 cents for each mile of service by a fifteen-foot apartment car.

In addition thereto he may allow not exceeding \$2.75 as a combined initial and terminal rate for each one-way trip of a thirty-foot apartment car and \$2 as a combined initial and terminal rate for each one-way trip of a fifteen-foot apartment car.

For storage-car mail service at not exceeding 21 cents for each mile of service by a sixty-foot car.

In addition thereto he may allow not exceeding \$4.25 as a combined initial and terminal rate for each one-way trip of a sixty-foot car.

Where authorizations are made for cars of the standard lengths of sixty, thirty, and fifteen feet, as provided by this section, and the railroad company is unable to furnish such

cars of the length authorized, but furnishes cars of lesser length than those authorized, but which are determined by the department to be sufficient for the service, the Postmaster General may accept the same and pay only for the actual space furnished and used, the compensation to be not exceeding pro rata of that provided by this section for the standard length so authorized: *Provided*, That the Postmaster General may accept cars and apartments of greater length than those of the standard requested, but no compensation shall be allowed for such excess lengths.

For closed-pouch service, at not exceeding $1\frac{1}{2}$ cents for each mile of service when a three-foot unit is authorized, and 3 cents for each mile of service when a seven-foot unit is authorized.

In addition thereto he may allow not exceeding 25 cents as the combined initial and terminal rate for each one-way trip of a three-foot unit of service and 50 cents as a combined initial and terminal rate for each one-way trip of a seven-foot unit of service.

Railroad companies whose railroads were constructed in whole or in part by a land grant made by Congress, on the condition that the mails should be transported over their roads at such price as Congress should by law direct, shall receive only eighty per centum of the compensation otherwise authorized by this section.

The initial and terminal rates provided for herein shall cover expenses of loading and unloading mails, switching, lighting, heating, cleaning mail cars, and all other expenses incidental to station service and required by the Postmaster General in connection with the mails that are not included in the car-mile rate. The allowance for full railway post-office cars, apartment railway post-office cars, and storage cars may be varied in accordance with the approximate difference in their respective cost of construction and maintenance.

In computing the car miles of the full railway post-office cars and apartment railway post-office cars, the maximum space authorized in either direction of a round-trip car run shall be regarded as the space to be computed in both directions, unless otherwise mutually agreed upon.

In computing the car miles of storage cars, the maximum space authorized in either direction of a round-trip car run shall be regarded as the space to be computed in both directions, unless the car be used by the company in the return movement, or otherwise mutually agreed upon.

New service and additional service may be authorized at not exceeding the rates herein provided, and service

may be reduced or discontinued with pro rata reductions in pay, as the needs of the Postal Service may require: *Provided*, That no additional pay shall be allowed for additional service unless specifically authorized by the Postmaster General.

The Postmaster General is authorized to make special contracts with the railroad companies for the transportation of the mails where in his judgment the conditions warrant the application of higher rates than those herein specified, and make report to Congress of all cases where such special contracts are made and the terms and reasons therefor.

All cars or parts of cars used for the Railway Mail Service shall be of such construction, style, length, and character, and furnished in such manner as shall be required by the Postmaster General, and shall be constructed, fitted up, maintained, heated, lighted, and cleaned by and at the expense of the railroad companies. No pay shall be allowed for service by any railway post-office car which is not sound in material and construction and which is not equipped with sanitary drinking-water containers and toilet facilities, nor unless such car is regularly and thoroughly cleaned. No pay shall be allowed for service by any wooden full railway post-office car unless constructed substantially in accordance with the most approved plans and specifications of the Post Office Department for such type of cars, nor for service by any wooden full railway post-office car run in any train between adjoining steel cars, or between the engine and a steel car adjoining. After the first of July, nineteen hundred and seventeen, the Postmaster General shall not approve or allow to be used, or pay for service by, any full railway post-office car not constructed of steel or steel underframe or equally indestructible material; and all full railway post-office cars accepted for this service and constructed for by the railroad companies hereafter shall be constructed of steel. - Until July first, nineteen hundred and seventeen, in cases of emergency and in cases where the necessities of the service require it, the Postmaster General may provide for service by full railway post-office cars of other than steel or steel underframe construction, and fix therefor such rate of compensation within the maximum herein provided as shall give consideration to the inferior character of construction, and the railroad companies shall furnish service by such cars at such rates so fixed.

Service over property owned or controlled by another company or a terminal company shall be considered service of the railroad company using such property and not

that of the other or terminal company: *Provided*, That service over land-grant roads shall be paid for as herein provided.

Railroad companies carrying the mails shall furnish all necessary facilities for caring for and handling them while in their custody. They shall furnish all cars or parts of cars used in the transportation and distribution of the mails, except as herein otherwise provided, and place them in stations before the departure of trains at such times and when required to do so. They shall provide station space and rooms for handling, storing, and transfer of mails in transit, including the separation thereof, by packages for connecting lines, and such distribution of registered mail in transit as may be necessary, and for offices for the employees of the Railway Mail Service engaged in such station work when required by the Postmaster General, in which mail from station boxes may be distributed if it does not require additional space.

If any railroad company carrying the mails shall fail or refuse to provide cars or apartments in cars for distribution purposes when required by the Postmaster General, or shall fail or refuse to construct, fit up, maintain, heat, light, and clean such cars and provide such appliances for use in case of accident as may be required by the Postmaster General, it shall be fined such reasonable sum as may, in the discretion of the Postmaster General, be deemed proper.

The Postmaster General shall in all cases decide upon what trains and in what manner the mails shall be conveyed. Every railroad company carrying the mails shall carry on any train it operates, and with due speed, all mailable matter, equipment, and supplies directed to be carried thereon. If any such railroad company shall fail or refuse to transport the mails, equipment, and supplies when required by the Postmaster General on any train or trains it operates, such company shall be fined such reasonable amount as may, in the discretion of the Postmaster General, be deemed proper.

The Postmaster General may make deductions from the pay of railroad companies carrying the mails under the provisions of this section for reduction in service or infrequency of service where, in his judgment, the importance of the facilities withdrawn or reduced requires it, and impose fines upon them for delinquencies. He may deduct the price of the value of the service in cases where it is not performed, and not exceeding three times its value if the failure be occasioned by the fault of the railroad company.

The provisions of this section shall apply to service operated by railroad companies partly by railroad and partly by steamboats.

The provisions of this section respecting the rates of compensation shall not apply to mails conveyed under special arrangement in freight trains, for which rates not exceeding the usual and just freight rates may be paid, in accordance with the classifications and tariffs approved by the Interstate Commerce Commission.

Railroad companies carrying the mails shall submit, under oath, when and in such form as may be required by the Postmaster General, evidence as to the performance of service.

The Postmaster General shall, from time to time, request information from the Interstate Commerce Commission as to the revenue received by railroad companies from express companies for services rendered in the transportation of express matter, and may, in his discretion, arrange for the transportation of mail matter other than of the first class at rates not exceeding those so ascertained and reported to him, and it shall be the duty of the railroad companies to carry such mail matter at such rates fixed by the Postmaster General.

The Postmaster General is authorized, in his discretion, to petition the Interstate Commerce Commission for the determination of a postal carload or less-than-carload rate for transportation of mail matter of the fourth class and periodicals, and may provide for and authorize such transportation, when practicable, at such rates, and it shall be the duty of the railroad companies to provide and perform such service at such rates and on the conditions prescribed by the Postmaster General.

The Postmaster General may, in his discretion, distinguish between the several classes of mail matter and provide for less frequent dispatches of mail matter of the third and fourth classes and periodicals when lower rates for transportation or other economies may be secured thereby without material detriment to the service.

The Postmaster General is authorized to return to the mails, when practicable for the utilization of car space paid for and not needed for the mails, postal cards, stamped envelopes, newspaper wrappers, empty mail bags, furniture, equipment, and other supplies for the Postal Service.

The Postmaster General, in cases of emergency between October first and April first of any year, may hereafter return to the mails empty mail bags and other equipment theretofore withdrawn therefrom as required by law, and, where such return requires additional authorization of

car space under the provisions of this section, to pay for the transportation thereof as provided for herein out of the appropriation for inland transportation by railroad routes.

The Postmaster General may have the weights of mail taken on railroad mail routes, and computations of the average loads of the several classes of cars and other computations for statistical and administrative purposes made at such times as he may elect, and pay the expense thereof out of the appropriation for inland transportation by railroad routes.

Pending the decision of the Interstate Commerce Commission, as hereinafter provided for, the existing method and rates of railway mail pay shall remain in effect, except on such routes or systems as the Postmaster General shall select, and to the extent he may find it practicable and necessary to place upon the space system of pay in the manner and at the rates provided in this section, with the consent and approval of the Interstate Commerce Commission, in order to properly present to the Interstate Commerce Commission the matters hereinafter referred thereto: *Provided*, That if the final decision of the Interstate Commerce Commission shall be adverse to the space system, and if the rates established by it under whatever method or system is adopted shall be greater or less than the rates under this section, the Postmaster General shall readjust the compensation of the carriers on such selected routes and systems in accordance therewith, from the dates on which the rates named in this section became effective.

All railway common carriers are hereby required to transport such mail matter as may be offered for transportation by the United States in the manner, under the conditions, and with the service prescribed by the Postmaster General and shall be entitled to receive fair and reasonable compensation for such transportation and for the service connected therewith.

The Interstate Commerce Commission is hereby empowered and directed as soon as practicable to fix and determine from time to time the fair and reasonable rates and compensation for the transportation of such mail matter by railway common carriers and the service connected therewith, prescribing the method or methods by weight, or space, or both, or otherwise, for ascertaining such rate or compensation, and to publish the same, and orders so made and published shall continue in force until changed by the commission after due notice and hearing.

In fixing and determining the fair and reasonable rates for such service the commission shall consider the relation existing between the railroads as public service corpora-

tions and the Government, and the nature of such service as distinguished, if there be a distinction, from the ordinary transportation business of the railroads.

The procedure for the ascertainment of said rates and compensation shall be as follows:

Within three months from and after the approval of this act, or as soon thereafter as may be practicable, the Postmaster General shall file with the commission a statement showing the transportation required of all railway common carriers, including the number, equipment, size, and construction of the cars necessary for the transaction of the business; the character and speed of the trains which are to carry the various kinds of mail; the service, both terminal and en route, which the carriers are to render; and all other information which may be material to the inquiry, but such other information may be filed at any time in the discretion of the commission.

The Postmaster General is authorized to employ such clerical and other assistance as shall be necessary to carry out the provisions of this section, and to rent quarters in Washington, District of Columbia, if necessary, for the clerical force engaged thereon, and to pay for the same out of the appropriation for inland transportation by railroad routes. The Postmaster General shall file with the commission a comprehensive plan for the transportation of the mails on said railways and shall embody therein what he believes to be the reasonable rate or compensation the said railway carriers should receive.

Thereupon the commission shall give notice of not less than thirty days to each carrier so required to transport mail and render service, and upon a day to be fixed by the commission, not later than thirty days after the expiration of the notice herein required, each of said carriers shall make answer and the commission shall proceed with the hearing as now provided by law for other hearings between carriers and shippers or associations.

All the provisions of the law for taking testimony, securing evidence, penalties, and procedure are hereby made applicable.

For the purpose of determining and fixing rates or compensation hereunder the commission is authorized to make such classification of carriers as may be just and reasonable and, where just and equitable, fix general rates applicable to all carriers in the same classification.

Pending such hearings, and the final determination of the question, if the Interstate Commerce Commission shall determine that it is necessary or advisable, in order to

carry out the provisions of this section, to have additional and more frequent weighing of the mails for statistical purposes, the Postmaster General, upon request of the commission, shall provide therefor in the manner now prescribed by law, but such weighing need not be for more than thirty days.

At the conclusion of the hearing the Commission shall establish by order a fair, reasonable rate or compensation to be received, at such stated times as may be named in the order, for the transportation of mail matter and the service connected therewith, and during the continuance of the order the Postmaster General shall pay the carrier from the appropriation herein made such rate or compensation.

Either the Postmaster General or any such carrier may at any time after the lapse of six months from the entry of the order assailed apply for a reexamination, and thereupon substantially similar proceedings shall be had with respect to the rate or rates for service covered by said application, provided said carrier or carriers have an interest therein.

For the purposes of this section the Interstate Commerce Commission is hereby vested with all the powers which it is now authorized by law to exercise in the investigations and ascertainment of the justness and reasonableness of freight, passenger, and express rates to be paid by private shippers.

The Interstate Commerce Commission shall allow to railroad companies whose railroads were constructed in whole or in part by a land grant made by Congress on condition that the mails should be transported over their roads at such price as Congress should by law direct only eighty per centum of the compensation paid other railroads for transporting the mails and all service by the railroads in connection therewith.

The existing law for the determination of mail pay, except as herein modified, shall continue in effect until the Interstate Commerce Commission under the provisions hereof fixes the fair, reasonable rate or compensation for such transportation and service.

That the appropriations for inland transportation by railroad routes and for railway post-office car service for the fiscal year ending June thirtieth, nineteen hundred and seventeen, are hereby made available for the purposes of this section.

That it shall be unlawful for any railroad company to refuse to perform mail service at the rates or methods of compensation provided by law when required by the Postmaster General so to do, and for such offense shall be fined \$1,000. Each day of refusal shall constitute a separate offense.

Act of Mar. 3, 1873, 17 Stat., 558, R. S. 4002.

The Postmaster General is authorized and directed to readjust the compensation * * * to be paid for the transportation of mails on railroad routes upon the conditions and at the rates hereinafter mentioned:

First. That the mails shall be conveyed with due frequency and speed; and that sufficient and suitable room, fixtures, and furniture, in a car or apartment properly lighted and warmed, shall be provided for * * * (railway postal clerks) to accompany and distribute the mails.

Second. That the pay per mile per annum shall not exceed the following rates, namely: On routes carrying their whole length an average weight of mails per day of two hundred pounds, fifty dollars; five hundred pounds, seventy-five dollars; one thousand pounds, one hundred dollars; one thousand five hundred pounds, one hundred and twenty-five dollars; two thousand pounds, one hundred and fifty dollars; three thousand five hundred pounds, one hundred and seventy-five dollars; five thousand pounds, two hundred dollars, and twenty-five dollars additional for every additional two thousand pounds, the average weight to be ascertained, in every case, by the actual weighing of the mails for such a number of successive working days, not less than thirty, at such times, after June thirtieth, eighteen hundred and seventy-three, and not less frequently than once in every four years, and the result to be stated and verified in such form and manner as the Postmaster General may direct.

Act of July 12, 1876, 19 Stat., 79.

The Postmaster General * * * is hereby authorized and directed to readjust the compensation to be paid from and after the first day of July, eighteen hundred and seventy-six, for transportation of mails on railroad routes by reducing the compensation to all railroad companies for the transportation of mails ten per centum per annum from the rates fixed and allowed by the first section of an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June thirtieth, eighteen hundred and seventy-four, and for other purposes," approved March third, eighteen hundred and seventy-three (R. S. §4002), for the transportation of mails on the basis of the average weight.

Act of June 17, 1878, 20 Stat., 142.

The Postmaster General * * * is hereby authorized and directed to readjust the compensation to be paid from and after the first day of July, eighteen hundred and seventy-eight, for transportation of mails on railroad routes by reducing the compensation to all railroad companies for the transportation of mails five per centum per annum from the rates for the transportation of mails, on the basis of the average weight fixed and allowed by the [preceding paragraph] first section of an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June thirtieth, eighteen hundred and seventy-seven, and for other purposes," approved July twelfth, eighteen hundred and seventy-six.

Act of March 2, 1907, 34 Stat., 1212.

The Postmaster General is hereby authorized and directed to readjust the compensation to be paid from and after the first day of July, nineteen hundred and seven, for the transportation of mail on railroad routes carrying their whole length an average weight of mails per day of upward of five thousand pounds by making the following changes in the present rates per mile per annum for the transportation of mail on such routes, and hereafter the rates on such routes shall be as follows: On routes carrying their whole length an average weight of mail per day of more than five thousand pounds and less than forty-eight thousand pounds the rate shall be five per centum less than the present rates on all weight carried in excess of five thousand pounds; and on routes carrying their whole length an average weight of mail per day of more than forty-eight thousand pounds the rate shall be five per centum less than the present rates on all weight carried in excess of five thousand pounds up to forty-eight thousand pounds, and for each additional two thousand pounds in excess of forty-eight thousand pounds at the rate of nineteen dollars and twenty-four cents upon all roads other than land-grant roads, and upon all land-grant roads the rate shall be seventeen dollars and ten cents for each two thousand pounds carried in excess of said forty-eight thousand pounds.

Act of May 12, 1910, 36 Stat., 362.

The provisions of the act of March second, nineteen hundred and seven [34 Stat., 1212], * * * fixing the compensation to be paid for transportation of mail on land-grant railroads at the rate of seventeen dollars and ten cents for each two thousand pounds carried in excess of forty-eight thousand pounds, is hereby amended to make such rate of compensation after June thirtieth, nineteen hundred and ten, fifteen dollars and thirty-nine cents for each two thousand pounds carried in excess of forty-eight thousand pounds, and the Postmaster General is hereby authorized and directed to readjust the compensation in accordance with this amendment.

* * * * *

Act of March 3, 1905, 33 Stat., 1088.

That hereafter before making the readjustment of pay for transportation of mails on railroad routes, the average weight shall be ascertained by the actual weighing of the mails for such a number of successive working days not less than ninety, at such times after June thirtieth, nineteen hundred and five, and not less frequently than once in every four years, and the result to be stated and verified in such form and manner as the Postmaster General may direct.

Act of May 18, 1916, 39 Stat., 161.

When, during a weighing period, on account of floods or other causes, interruptions in service occur on railroad routes and the weights of mail are decreased below the normal, or where there is an omission to take weights, the Postmaster General, for the purpose of readjusting compensation on such railroad routes as are affected thereby, is hereafter authorized, in his discretion, to add to the weights of mails ascertained on such routes during that part of the weighing period when conditions are shown to have been normal, the estimated weights for that part of the weighing period when conditions are shown to have been not normal or where there has been an omission to take weights, based upon the average weights taken during that part of the weighing period during which conditions are shown to have been normal, the actual weights and the estimated weights to form the basis for the average weight per day upon which to readjust the compensation according to law on such railroad routes for the transportation of the mails, notwithstanding the provision of the act of Congress

approved March third, nineteen hundred and five, requiring that the average weight shall be ascertained by the actual weighing of the mails for such a number of successive working days, not less than ninety, as the Postmaster General may direct: * * *

Revised Statutes, Sec. 4001.

* * * * *

All railway companies to which the United States have furnished aid, by grant of lands, right of way, or otherwise, shall carry the mail at such prices as Congress may by law provide; and, until such price is fixed by law, the Postmaster General may fix the rate of compensation.

Act of July 12, 1876. 19 Stat., 82.

Railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress on the condition that the mails should be transported over their road at such price as Congress should by law direct shall receive only eighty per centum of the compensation authorized by this act.

APPENDIX D.

SOME GENERAL CONSIDERATIONS APPLICABLE TO RATE MAKING.

COST OF SERVICE.

Traffic as a whole must pay operating expenses and taxes and yield a fair return on the value of the property employed in the service.

In the evolution of freight rates many elements other than cost have been given primary consideration by traffic managers as the exigencies of the business of the carriers have, from time to time, suggested. The carriers have at times contended before the Commission that in the making of reasonable rates the cost of service is practically a negligible factor and that primary weight should be given to the value of the service.¹ However, the Supreme Court has decided that one of the elements to be considered is the cost of the service.²

This Commission has approved attempts to ascertain cost, even though such attempts must employ arbitraries of many kinds and varying importance, and be subject to criticism, checking, and correction,³ and suggested that cost of service is more capable of exact determination and mathematical expression than the value of the service.⁴ When comparative cost is ascertained it may become the basis for a scientific determination of rates.⁵

Costs do not determine rates; yet most rates have within them as a constituent the element of cost.⁶ Other elements, as well, must be considered, and the weight that shall be given cost as compared with all the other elements entering into a particular rate and the conditions sur-

¹ *Advance in Rates—Western Case* (20 I. C. C., 348, 349, 357).

² *Smythe v. Ames* (169 U. S., 466); *Nor. Pac. Ry. v. N. D.* (236 U. S., 596, 597).

³ *Advances in Rates—Western Case* (20 I. C. C., 363); *Boileau v. P. H. & E. R. R. Co.* (22 I. C. C., 652); *Pitts. Vein Operators of Ohio v. Pa. Co.* (24 I. C. C. 285).

⁴ *Boileau v. P. L. & E. R. R. Co.* (22 I. C. C., 652).

⁵ *Advances in Rates—Western Case* (20 I. C. C., 362).

⁶ *Boileau v. P. L. & E. R. R. Co.* (22 I. C. C., 652); *L. & N. R. R. Coal and Coke Rates* (26 I. C. C., 27, 28).

rounding the particular traffic is a matter to be decided in each individual case.¹ This gives scope for the exercise of "the flexible limit of judgment which belongs to the power to fix rates."²

In considering cost the entire movement over the whole road or system should be considered as a whole and not divided into parts to produce a result associated with such part.³

THE VALUE OF THE SERVICE.

In determining reasonable rates for the carriage of articles which are the subject of freight transportation, the value of the commodity is one of the material considerations. That is to say, it is viewed by the Commission as unsound that rates upon carloads of equal tonnage and equal cost of movement, one of a low-grade, cheap commodity and the other of a high-grade and valuable commodity, should be the same. Rates as a whole so constructed would be either too low to enable the carrier to earn a reasonable return or too high to permit the economical movement of many low-grade but necessary articles.⁴ The ad valorem principle can not be departed from in the making of rates; but classification of freight cares for value in the greater part.⁵

The term "the value of the service" in its last analysis appears to be synonymous with the term "what the traffic will bear," as used in railroad parlance. In 20 I. C. C., 348, Commissioner Lane reviewed the testimony of Mr. Ripley for the Railroads to the effect that the makers of rates "in the first instance must make the rate such as to permit

¹ *Boileau v. P. L. & E. R. R. Co.* (22 I. C. C., 652); *L. & N. R. R. Coal and Coke Rates* (26 I. C. C., 27, 28); *Union Tanning Co. v. S. Ry. Co.* (26 I. C. C., 163); *Iron Ore Rate Cases* (41 I. C. C., 181).

² *Atlantic Coast Line R. R. Co. v. N. C. Corporation Com.* (206 U. S., 1, 26); *L. & N. R. R. Coal and Coke Rates* (26 I. C. C., 27, 28).

³ *St. L. & S. F. Ry. v. Oil* (156 U. S., 649, 665, 666); *L. & N. R. R. Coal and Coke Rates* (26 I. C. C., 30).

⁴ *Union Tanning Co. v. S. Ry. Co.* (26 I. C. C., 163).

Advances in Rates—Western Case (20 I. C. C., 355).

the freest intercourse and the freest interchange of commodities in the country, regardless of capital, regardless of cost—almost regardless of cost, but entirely regardless of capital”; that the value of the service should be given first and foremost consideration, leaving cost and the value of the properties as altogether secondary; the capitalization of the railroads “has not, never did have, never will have, never ought to have, any relation” to the making of freight rates; and that the reasonable rate is one that the traffic would bear, and the amount that the traffic would bear is the amount of charge which “the traffic will bear and still move most freely and enable the products and the manufactures of one part of the country to be used to the utmost possible extent in the other.” After this review the commissioner said:

This is the latest, the most modern, and the most literal definition of this much-abused phrase. * * * This is the American system of railroad rate making.¹

In *Investigation and Suspension Docket 26 to 26 C* (22 I. C. C., 623), the Commission considered the question whether a rate is unreasonable that does not pay its full share of all the related expenses which the carrier must bear, including taxes, fixed charges, and dividends, and points out that under a theory that it should do so, classification, except upon a basis of cost of transportation, plus insurance risk, would disappear and the tariffs of every railroad must suffer a revolutionary change. Commissioner Lane said:

In all classification consideration must be given to what may be termed public policy, the advantage to the community of having some kinds of freight carried at a less rate than other kinds. And this is the true meaning of the phrase “what the traffic will bear.” It expresses the consideration that must be shown by the traffic manager to the need of the people for certain commodities.

¹ *Advances in Rates—Western Case* (20 I. C. C., 348, 349)

INFLUENCE OF ECONOMICAL OR UNECONOMICAL MANAGE-
MENT UPON RATES.

In *Advances in Rates—Western Case* (20 I. C. C., 334), the Commission, following the reasoning laid down in prior cases, said:

* * * A premium must be put upon efficiency in the operation of the American railroad. Rates can not be increased with each new demand of labor, or because of wasteful, corrupt, or indifferent management. Nor should rates be reduced with each succeeding improvement in method. Society should not take from the wisely managed railroad the benefits which flow from the foresight, skill, and planned cooperation of its working force. We may ruin our railroads by permitting them to impose each new burden of obligation upon the shipper. And we can make no less sure of their economic destruction by taking from them what is theirs by right of efficiency of operation—the elimination of false motion, of unneeded effort, and the conservation of labor and materials. The standard of rates must be so high that the needed carrier which serves its public with honesty and reasonable effort may live. And yet rates should be still so much below the *possible* maximum as to give high and exceptional reward to the especially capable management, the well-coordinated force and plant. This is the ideal, unrealizable perhaps, but it points the way.

REASONABLE RETURN ON FAIR VALUE OF PROPERTY
EMPLOYED.

The Supreme Court of the United States, in *Smythe v. Ames* (169 U. S., 466), laid down the rule which has been followed that the basis for all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public. The Commission in *Advances in Rates—Western case, supra*, stated, *inter alia*:

The trend of the highest judicial opinion would indicate that we should accept neither the cost of reproduction, * * * nor the capitalization, * * * nor the prices of stocks and bonds in the market, nor yet the original investment alone, as the test of present value for purposes of rate regulation. Perhaps the nearest approximation to the fair standard is that of bona fide invest-

ment—the sacrifice made by the owners of the property—considering as part of the investment any shortage of return that there may be in the early years of the enterprise. Upon this, taking the life history of the road through a number of years, its promoters are entitled to a reasonable return. This, however, manifestly is limited; for a return should not be given upon wastefulness, mismanagement, or poor judgment, and always there is present the restriction that no more than a reasonable rate shall be charged. (*Advances in Rates—Western Case*, 20 I. C. C., 347.)

TON-MILE AND CAR-MILE EARNINGS.

A ton-mile rate, while often instructive, is not necessarily a fair index of a reasonable rate. The cheapest traffic is frequently the most profitable to the carrier. Low percentage of operating expenses affects the question. It is usually a question, not of the absolute rate but of the conditions under which the traffic is handled.¹ Most of the freight which pays the carriers the best is that which yields the lowest rate per ton-mile. This arises out of many facts which the traffic manager takes into consideration, the volume of traffic, the heavy load per car, and the regularity of movement.² In many cases the Commission has found car-mile and train-mile earnings a fairer basis.³

In 24 I. C. C., 566, complainants sought to make a comparison between ton-mile earnings on lumber and watermelons. But it was shown that although ton-mile earnings on lumber were lower than on watermelons the car-mile earnings were higher. The Commission said that neither furnished an absolute test, which would be more nearly found in a combination of the two; but did not assent to the comparison because lumber moves under entirely different conditions.⁴

In *Wisconsin Steel Co. v. P. & L. E. R. R. Co.* (27 I. C. C., 162, 163), the Commission said in explanation of *Lake Cargo Coal Rate Case*, that while a fairer basis is

¹ *Re Proposed Advances in Freight Rates* (9 I. C. C., 396).

² *Investigation and Suspension Docket 26 to 26 C* (22 I. C. C., 620).

³ *Id.*

⁴ *Bahrenburg Bro. & Co. v. A. C. L. R. R. Co.* (24 I. C. C., 566).

found in car-mile and train-mile earnings, ton-mile earnings are instructive and are to be considered. Furthermore, it appears that train-mile revenue applies to solid train-load lots. "Each case must be determined on its merits," and where the facts as to train loading are not alike the ton-mile earning is an important factor.¹

The conditions under which ton-mileage, car-mileage, and train-mileage become guides are stated by the Commission in *Traffic Bureau of Nashville, Tenn. v. L. & N. R. R. Co.* (28 I. C. C., 535) as follows:

Ton-mile statistics, reflecting as they do neither car loading, train-tonnage, nor car or train mileage, are far from being infallible guides in fixing freight rates. A high average ton-mile revenue may be due to short hauls, a preponderance of which occasions the railroad traffic manager much uneasiness, while it has been repeatedly shown that traffic low in ton-mile earnings may, because of its farther carriage and greater density, be the most remunerative. Per-car earnings, with distance considered, are much more reliable. Where the commodity moves in train loads the earnings per train-mile furnish the best criterion, not only the car loading but also such physical conditions as grades, etc., being here reflected. Comparisons of any kind, however, to be effective must be analogous, or nearly so; that is, the rate charged or gross earnings derived on any basis for the transportation of a given commodity between two points furnishes a guide in arriving at the rate to be charged upon the same or nearly the same commodity between two other points similarly circumstanced.

In *Dressed Beef from New York, N. Y.* (38 I. C. C., 53), where protestants showed that the average ton-mile revenue on all traffic for some of the important routes over which the commodity rate in question applied was considerably less than the ton-mile revenue which the commodity rate yielded, the Commission said that "it is of little weight unsupported by the exposition of the character and length of haul of the traffic of each road."

VALUE OF PROPERTY.

The impracticability of considering the value of property as returned by the carriers at the present time has been commented upon by the Commission.

¹ *Wisconsin Steel Co. v. P. & L. E. R. R. Co.* (27 I. C. C., 162, 163).

Total capitalization of a carrier is not necessarily a correct measure of the value of the property devoted to the public use, nor is it in many instances even a fair indication of what the value of such property might be.¹

The nature and unreliability of the property investment accounts of carriers have frequently been commented upon by the Commission and it is not to be concluded that the Commission regards it as possible to secure from the carriers' books and records complete information either as to the cost or the present value of the properties devoted by them to the public use.² They may, however, be used for the purpose of comparison.³

NET OPERATING INCOME AND NET CORPORATE RETURN.

A proper return in net operating income might not result in a net corporate income sufficient to meet a carriers' interest and dividend requirements. Interest and dividends are computed upon the par value of securities, and this value may differ widely from the amounts actually invested in the property on which an adequate return is due. This is especially true of capital stock, which is shown as a liability at par on the books of the carriers, although the par value may have little or no relation to the amount of cash invested in the property. (*The Five Per Cent Case*, 31 I. C. C., 362.)

It is unnecessary to illustrate further the impropriety of accepting net corporate income as a measure of the adequacy of rates. The carriers, however, while exhibiting their returns in net corporate income, have very properly placed greater dependence upon the net operating income as the measure of the sufficiency of their returns, and we shall use the net operating income of these carriers as the product of transportation rates that should be examined in order to determine, so far as we may, the adequacy and tendency of their revenues. (*The Five Per Cent Case*, 31 I. C. C., 363.)

COMMERCIAL COMPETITION AND INTERESTS OF CONSUMERS.

Commercial competition and the interests of consumers are pertinent considerations in rate making.⁵ Consumers may have the widest possible market consistent with jus-

¹ *Boileau v. P. & L. E. R. R. Co.* (22 I. C. C., 653).

² *The Five Per Cent Case* (31 I. C. C., 360, 361, 362); *The Five Per Cent Case* (32 I. C. C. 328); *Western Passenger Fares* (37 I. C. C., 28).

³ *The Fifteen Per Cent Case* (45 I. C. C., 313).

⁴ *Galloway Coal Co. et al. v. Ala. Gt. So. Ry. Co. et al.* (40 I. C. C., 311, 320).

tice to the carriers, and carriers may, within reasonable limits, as a matter of traffic policy, accord the same rates for different distances from common centers.¹ Proof that rates are the result of competitive forces does not necessarily mean that they are too low; competition may be needed to keep them at a reasonable level.²

DIFFERENT EARNINGS TO DIFFERENT CARRIERS.

The Commission has considered on several occasions the question of setting rates upon a particular description of traffic where the same rate if carried by all the roads would result in essentially different earnings to the different carriers. The reasonableness of a blanket rate which shall apply to a number of carriers can not be determined by considerations alone of the more favorably situated carriers, or of the less favorably situated. The financial conditions of the carriers will differ; some earnings may be extravagant, others insufficient. Reasonable rates on typical lines must be held to be reasonable rates for all lines.³

UNUNIFORM RATES AND UNEQUAL CONTRIBUTION TO FIXED CHARGES AND DIVIDENDS.

There is a wide discretion in the exercise of the power to fix rates; they need not be uniform for all commodities nor need they produce the same percentage of profit on all kinds of business. There may be reasonable adjustments and classifications giving consideration to differences in the articles transported, the care required and risk assumed, and the value of the service. It is not necessary to prescribe rates for every individual service performed, but services may be grouped by fixing rates for classes of traffic.⁴ In order to be just and reasonable

¹ *Dallas Chamber of Com. v. A. T. & S. F. Ry. Co.* (40 I. C. C., 619, 636).

² *Western Trunk Lines Iron and Steel* (47 I. C. C., 109, 113, 114).

³ *City of Spokane v. No. Pac. Ry. Co.* (15 I. C. C., 376, 393-394); *In Re Proposed Advance in Freight Rates* (9 I. C. C., 382); *Kindt v. N. Y., N. H. & H. R. R. Co.* (15 I. C. C., 555, 561); *Advances in Rates—Eastern Case* (20 I. C. C., 243, 274); *Newport Mining Co. v. C. & N. W. Ry. Co.* (33 I. C. C., 645, 656); *1915 Western Rate Advance Case* (35 I. C. C., 560, 561); *Investigation and Suspension Docket 26 to 28 C* (22 I. C. C., 611).

⁴ *Nor. Pac. Ry. v. Nor. Dak.* (236 U. S., 598, 599).

all rates need not be fixed on a basis where each will bear its share of cost—all related expenses which the carrier must bear, not only for transportation but to secure an adequate return upon its property.¹ If such were necessary all railroad tariffs would necessarily be revolutionized. Public policy requires that some kinds of freight shall be carried at less rate than other kinds. Classifications attempt to meet such requirements.² Allowances for freight equalizations are absorbed out of profits.³

PRINCIPLES GOVERNING EXPRESS RATES.

Because of the close analogy in many respects between the mails and the express and their transportation in railroad passenger trains, what the Commission has said with respect to express rates becomes relevant and important.

We must therefore regard these great forwarding companies as agencies created by the railroads and recognized by law for the conduct of a certain kind of freight business, to which these agencies have added a service that is distinctive and peculiarly their own. (*In re Express Rates, Practices, Accounts, and Revenues*, 24 I. C. C., 387.)

It must be treated as the railroad itself would be treated. It is an arm of the railroad; it is the railroad itself reaching out to the door and taking the package and delivering it again personally to the consignee. (*Id.*, 24 I. C. C., 419.)

A reasonable express rate is one which gives reasonable compensation to the rail carrier for carrying a small package upon a passenger train, or a train going at passenger speed, plus a reasonable compensation for the service of gathering, care, and delivering which the express company as such renders. Manifestly, under this definition, there should be a higher return to the railroad for the carriage of express matter than it receives upon its freight traffic. This should be so because of the superior character of the service given as well as to prevent the movement of ordinary freight upon passenger trains under express rates.

Can there be a fixed relationship between express and freight rates in the United States? We have sought to discover some such basis, and theoretically it should exist.

¹ *Investigation and Suspension Docket 26 to 26 C* (22 I. C. C., 623).

² *Id.*

³ *The Missouri River-Nebraska Cases* (40 I. C. C., 212, 213).

Owing, however, to the theory or lack of theory upon which freight rates have been made, this is not found to be practicable. (*Id.*, 24 I. C. C., 424.)

It has suggested itself that there might be some relation between the rate of passenger fare and the express rate, inasmuch as express matter and passengers were carried upon the same train. An effort was also made to devise a system of rates that would give chief consideration to this suggestion. The first question that arose naturally was, What relationship should exist between 100 pounds of dead matter carried on a passenger train and an equal weight in living persons? Freight men have testified before this Commission that for many purposes one passenger was regarded as equal to a ton of freight, but this rude measure leads nowhere. Nor can we say that freight, even when moved on a passenger train, should pay the same amount of charge that may properly be imposed upon the passenger, for the single reason that there is no relationship between the carriage of a passenger and the carriage of so much dead freight, even though the car that carries the one is in the same train that carries the other. Value of service, the risk of the railroad company, the care given, and the cost of necessary terminals and stations for both services differ widely. While railroads have sought to develop passenger traffic by the installation of fine equipment, large and convenient depots, safety appliances, and many special accommodations, no one would urge that these features are necessary to or, at least, were introduced for the accommodation of express matter. In fact, it may be safely said that the railroads have treated the carriage of small parcels as an onerous burden which could not be avoided and from which revenue might be obtained, but to which primary concern should not be given. (*Id.*, 24 I. C. C., 426, 427.)

As to the standard of rates:

* * * * *

3. That it is proper for the Government to treat the express company as a freight forwarder by passenger train, giving supplemental service at each terminus, and intermediate care,

* * * * *

5. That the rate should not include more than a reasonable compensation for the service given, even though such compensation falls below that which the railroad exacts as a minimum for the carriage of 100 pounds of freight. (*Id.*, 24 I. C. C., 431.)

The service performed by the railway company incident to the transportation of express matter corresponds in a measure to that performed in connection with its carload freight traffic, with this exception, that for its carload business the railway must bear the expense of accounting and the liability for loss and damage, which is not true with respect to express traffic. While in general it is true that express traffic is transported more expeditiously than freight traffic, the fact must not be lost sight of that many fast freight trains between large market centers make practically the same time as express trains, if not with respect to point of speed, at least with respect to the utility of the service to the consignee. (*Id.*, 24 I. C. C., 458.)

The provisions of the contracts given above indicate that express rates are to a great extent under the control of the railway companies. Practically every existing contract in one form or another provides that the rates of the express companies are subject to the approval of the railway company. These provisions further show that the express companies have two standards for determining rates—one based on competitive conditions, the other, where competition is absent, on what the traffic will bear. (*Id.*, 24 I. C. C., 462, 463.)

JUST COMPENSATION.

Just compensation is guaranteed by the Constitution of the United States. Just compensation, however, does not mean that there shall be always the same measure of return as to cost and value of property in every case. In *Northern Pacific Railroad v. North Dakota* (236 U. S., 599) the United States Supreme Court said that if in the case considered there exists any practice or what may be taken to be, broadly speaking, a standard of rates with respect to that traffic, in the light of which it is insisted that the rates should still be regarded as reasonable, that should be made to appear. This Commission found in *Stonega Coke and Coal Company v. L. & N. R. R. Co.* (39 I. C. C., 543), that the coal rates in the region under consideration were originally made without any consideration of cost of service or any transportation or traffic conditions other than competition, and held that such matter of commercial competition was responsible for a standard of rates in the

light of which the rates involved must be considered, even if it had been found that these rates were actually non-compensatory.

REASONABLE RATE AND "FLEXIBLE LIMIT OF JUDGMENT."

The legislature can not make rates which confiscate the carriers' property, nor can the carriers make rates which are unjust to those who by economic necessity are compelled to employ their services.¹ In 22 I. C. C., 624, Commissioner Lane, for the Commission, said:

We may not say that a rate shall be fixed so as to meet the requirements or needs of any body of shippers in their efforts to reach a given market, nor may we establish rates upon any articles so low that they will not return out-of-pocket cost. Neither could we fix an entire schedule of rates which would yield an inadequate return upon the fair value of the property used in the service given." There is, however, a zone within which we may properly exercise "the flexible limit of judgment which belongs to the power to fix rates." These are the words of the Chief Justice of the Supreme Court (206 U. S., 26). There is no flexible limit of judgment if all rates must be upon a level of cost, and out of every dollar paid to the carrier must come a fixed amount of return for capital invested. The recognition of such a doctrine has never been suggested either by Congress or the Supreme Court. A just and reasonable rate must be one which respects alike the carriers' deserts and the character of the traffic. It can not be a rate that takes from the carrier a profit and thus favors the shipper at the carrier's expense, nor is it one which compels the shipper to yield for the transportation given a sum disproportionate either to the service given by the carrier or to the service rendered to the shipper. The words "just and reasonable" imply the application of good judgment and fairness, of common sense and a sense of justice to a given condition of facts. They are not fixed, unalterable, mathematical terms. Their meaning implies the exercise of judgment, and against the improper exercise of that judgment the Constitution gives protection, at least as far as the carriers are concerned.

¹ *Advances in Rates—Western Case* (20 I. C. C., 347, 348, 356-357).

