



# Railway & Locomotive Historical Society, Inc.

## Southeast Chapter

### Newsletter No. 121 – October 2010

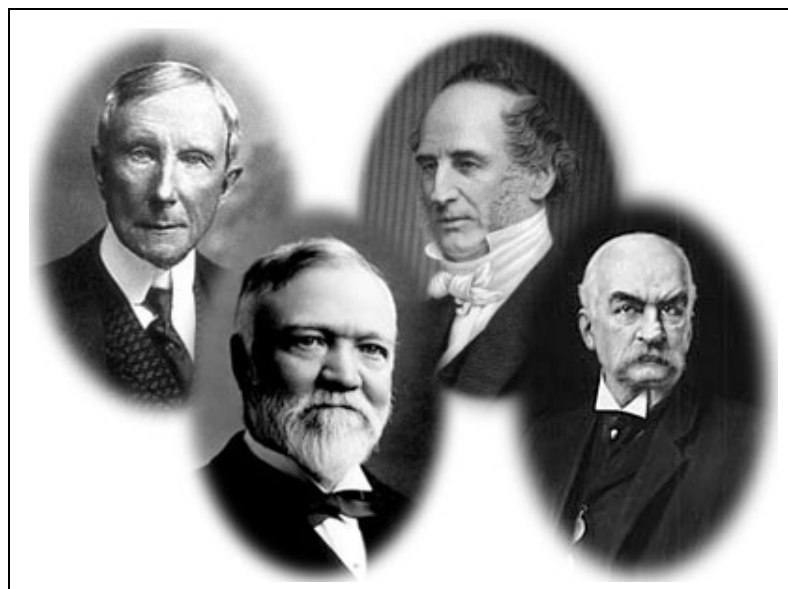
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#### The Interstate Commerce Act of 1887

The Interstate Commerce Act (ICA) of 1887 (24 Stat. 379) targeted unfair practices in the railroad industry by attempting to eliminate discrimination against small markets, outlawing pools and rebates, and establishing a "reasonable and just" price standard. To ensure the overall purpose of the act and avoid favoritism in the industry, railroad companies were to publish their rates for all to see. The Interstate Commerce Commission (ICC) was created by the act to enforce these regulations and investigate allegations of fraud, deception, and discrimination.

For years railroad tycoons such as J. P. Morgan and Jay Gould had been milking the public. Taking advantage of area transportation monopolies, these "robber barons" often charged unreasonable rates to farmers, small businessmen, and individual passengers for branch service rides, while providing sweet deals to large companies that shipped across the nation. Since large companies represented greater business potential than small ones, they were given "rebates," wherein they received undisclosed sums in consideration of their patronage.

Initially states had tried to combat these unscrupulous business practices by enacting their own railroad laws. But the Constitution granted only Congress the power to control interstate commerce, and states were limited to within their own borders. Political organizations tried to get around this by pushing for regulatory laws in various states. These efforts, while not universal, were somewhat successful nonetheless. Proponents of regulation would, however, receive a setback in 1886. In *Wabash, St. Louis, and Pacific Railway v. Illinois*, the Supreme Court ruled that Illinois had exceeded its Constitutional authority when it attempted to regulate the railroads. This was a power reserved to Congress, the Court said. If Congress wanted to get involved, it could; but states had no power to regulate interstate businesses. This left Congress no choice but to take action on its own and the ICA was the result. (Continued inside.)



Some of the "Robber Barons" from left to right:  
John D. Rockefeller, Andrew Carnegie, Cornelius Vanderbilt, and J.P. Morgan

*Southeast Limited*

## **The Interstate Commerce Act - continued:**

"All charges made for any [rail] service ... shall be reasonable and just," the act declared, "and every unjust and unreasonable charge for such service is prohibited and declared to be unlawful." Unfortunately, the five board members of the ICC (later seven, then eleven) had little power to enforce this goal. The authority given to them was ambiguous at best, and further weakened by the Supreme Court. In the Maximum Freight Rate case (1897), the Supreme Court denied the ICC's ability to set standards for future rates and undermined its ability to question rates in general. In the Alabama Midland Railway Company case of the same year, the Supreme Court again decided against the ICC, ruling that companies could conduct their own investigations to counter the ICC inquiries. The result was utter disregard for ICC findings; the ICC was quickly becoming little more than a public support group.

Yet the strong voices of changing times would not go unheard. The people were anxious for reform and they would find it in the presidency of Theodore Roosevelt. With Roosevelt's induction into office in 1901, a new era of governmental regulation began. The Roosevelt Administration sought to enforce and strengthen the ICA, and Congress was obliged to review its weaknesses.

Congress addressed these weaknesses by passing the Elkins Act of 1903, the Hepburn Act of 1906, and the Mann-Elkins Act of 1910. The Elkins Act strengthened the ICA's antirebate initiative by making it illegal to receive rebates as well as to give them. The Hepburn Act enabled the ICC to put a cap on rate charges, to determine adequate accounting procedures, and to alter unfair rates to ones it deemed "just and reasonable." The Mann-Elkins Act empowered the ICC to suspend proposed rate increases pending an investigation of the potential effects.

Other acts intent on assuring the integrity of the railroads followed, expanding the role of the ICC. *The Valuation Act of 1913 required the ICC to verify the value of railroad properties*, while the Transportation Act of 1920 gave the ICC authority over railroad pooling and enabled it to regulate railroad securities. The 1935 Motor Carrier Act brought the ICC into the new territory of trucking, though regulation in this area did not nearly approach the amount prescribed for the railroad industry. Many railroad executives complained that they were being singled out.

Railroad companies were losing their grip on transportation. What had once been the fastest way to travel was no longer the fastest nor the most convenient. Trucking and air travel had knocked the rails from their place of prominence, and, along with shipping, relegated it to a lesser role. Railroad companies were justified in declaring the old travel monopolies extinct. Perhaps in a nod toward this opinion, Congress passed the Transportation Act of 1958 which allowed the ICC to guarantee loans to railroad companies for capital, equipment, and maintenance.

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### **Announcements:**

Our regular meetings are the 2nd Thursday of the month @ 6:30 PM, in the CSX Bldg., 500 Water St. Jacksonville, FL.

October 14<sup>th</sup> - October monthly meeting at the CSX building.

October 16/17<sup>th</sup> - Palatka Railfest, next to the station

November 7<sup>th</sup> - Gaithersburg, MD train show, Montgomery County Fairgrounds

December 18/19<sup>th</sup> - Tampa Train show

February 12<sup>th</sup> - Jacksonville Train Show, Prime Osborn Center

June 2-5, 2011 - R&LHS Annual Convention, Elkins, WV (Cass, Durbin Rocket)

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### **SOUTHEAST CHAPTER OFFICERS**

**W. Reid Adams, Chairman 904-400-4680**

**Jim Smith Vice-Chairman 904-276-2972**

**Paul Newton Secretary**

**Robert Van Nest Treasurer**

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## **The Interstate Commerce Act - conclusion:**

The goal had turned from one of regulation to both regulation and support. The 1976 Railroad Revitalization and Regulatory Reform Act allowed railroad companies to lower their prices for competitive purposes. In addition, two major acts of 1980 gave the industry some breathing room: the Staggers Rail Act relaxed government control over rates, mergers, and line abandonment; and the Motor Carrier Act began the process of ending rate regulation.

Despite the fall of the industry, railroad employment still represented a major sector of the economy. At the time of the ICA, the government had feared the effects of railroad domination. Less than a hundred years later, the government was ready and willing to rescue the industry, even if it had to join in as a partner, as it did with Amtrak, taking on a substantial financial risk to retain jobs. The need for the ICC, meanwhile, gradually became obsolete. It was finally dissolved by act of Congress on December 31, 1995. Most of the surviving functions of the ICC were assigned to the Surface Transportation Board of the Department of Transportation, which began operation on January 1, 1996. These functions included the oversight of railroad rates and service issues, rail mergers, and labor disputes within the industry. (Source – Internet)

Editors note: I found the information on the ICA, while searching for information about Valuation, or “Val” maps with which many of you are familiar. These maps, when they can be located, are likely the most detailed source of historic information for railroads. They included complete detail about property, mile posts, locomotives, cars, buildings, bridges, track and virtually all aspects of the railroad businesses.

*(This article is for information only, and expresses some personal opinions, and is not endorsed by the R&LHS.)*

### **Fall colors in Western North Carolina on the Great Smokey Mountain Railroad. Photo by John Leynes – October 2000**



## Names of notable people in railroad history:

**Casey Jones** – Illinois Central engineer whose death in a 1900 train wreck was made famous in song and legend.

**Erastus Corning** – Formed the nucleus of what would become the great New York Central Railroad.

**Charles Crocker** – One of the Big Four co-founders of the Central Pacific Railroad.

**Daniel Drew** – Robber baron involved in the stock manipulation of the Erie Railroad with Fisk and Gould.

**James Fisk** – Robber baron involved in the stock manipulation of the Erie Railroad with Gould and Drew.

**Jay Gould** – Robber baron involved in the stock manipulation of the Erie Railroad with Fisk and Drew.

**Edward H. Harriman** – President of the Union Pacific and the Southern Pacific, and directed the unification of both railroads.

**James J. Hill** – Founder of the Great Northern Railway, builder of first transcontinental railroad without federal subsidies or land grants.

**Cyrus K. Holliday** – Founder of the Atchison, Topeka and Santa Fe Railway.

**Collis P. Huntington** – One of the Big Four co-founders of the Central Pacific Railroad, founder of Huntington, West Virginia while helping construct the Chesapeake and Ohio Railway.

**George Pullman** – Inventor of the Pullman sleeper (a luxury sleeping car) and founder of the Pullman Company.

**Leland Stanford** – One of the Big Four co-founders of the Central Pacific Railroad, president of the Southern Pacific Railroad, governor of California, and founder of Stanford University.

**Arthur Stilwell** – Founder of the Kansas City Southern Railway, as well as several cities, among them Port Arthur, TX which is named after Stilwell.

**Cornelius Vanderbilt** – After spending the first 70 years of his life building a successful ferry business, controlled and expanded the New York Central Railroad into an empire and ordered construction of the first Grand Central Terminal.

**Grenville M. Dodge** – Chief engineer of the Union Pacific Railroad and helped construct the first American transcontinental railroad.

**Fred Harvey** – Revolutionized passenger train onboard services, making travel by train more comfortable.

**Anatole Mallet** – Inventor of the articulated locomotive, commonly called the Mallet locomotive.

**Charles Minot** – General Superintendent of the Erie Railroad, first to use the telegraph to dispatch trains in 1851.

**George Stephenson** – the "Father of British Steam Railways", inventor of the Rocket steam locomotive (the first "modern" locomotive), and pioneer of the 4 ft 8 ½ inch rail gauge.

**George Westinghouse** – Inventor of the air brake.

**Jesse James** – American outlaw, portraying a Robin Hood of sorts, standing up against railroad corporations in defense of the small farmers. (Source – Internet)



Swing span bridge over the Amelia River at Fernandina, Florida. Original Florida Railroad ROW, now First Coast RR. Bridge was barged from Palatka, Florida when FEC removed it and tracks over the St. Johns River.

Photo by John Leynes – February 2009

## **Election Notice:**

During the September, 2010 business meeting, Bill Howes and Paul Newton agreed to be our Nominating Committee for the 2011 election process. They will present a slate of officers at our December meeting. **So, if you are interested in being a chapter officer (Chairman, Vice Chairman, Secretary, or Treasurer), please contact Bill Howes or Paul Newton at our regular mailing address: P. O. Box 600544, Jacksonville, FL 32260-0544.** If we have just four people running for the four offices, they will be installed using the Acclimation by Proclamation process at our January, 2011 meeting.

## **August 12, 2010 Meeting Minutes**

The meeting of the Southeast Chapter of the Railway & Locomotive Historical Society was called to order at 6:30 pm by vice-chairman Jim Smith. There were 7 members present.

Secretary's Report: The minutes from the July meeting were read and approved.

Treasurer's Report: Robert Van Nest was not present, however Bill Howes reported on his behalf that the savings balance is currently \$4,817.55. The treasurer's report was approved.

## Committee Reports:

- Newsletter: The newsletter was sent to 43 e-mail addresses and 24 postal addresses. Sending the newsletter via e-mail reduces overall newsletter costs. John Leynes would like to charge the chapter \$50 every two months for material cost & time for work on the newsletter. Members approved a motion to do so.
- Trip Committee: Paul Newton discussed the upcoming Tampa Bay train trip. There may not be sufficient interest to conduct a formal trip. Bill Howes will advise on interest of a day-trip.
- Website Committee: John Leynes recommends continuing the website, then either deciding to develop it or discontinue it in 12 months. The organization wants to keep the current info on the national website.

## Old Business:

- The grant to provide financial funding to preserve the ACL 1504 locomotive was declined but the group is interested in searching for additional financing in the future.
- Ed Mueller reported on his project with John Leynes to produce a new DVD on railroad oriented sheet music. The project will be developed further and assessed at a future meeting.
- The organization discussed making a presentation to the Palatka Railroad Preservation Society.

## New Business:

- Elections are upcoming. Members should begin thinking about the nominating process.
- Beginning next meeting, the group will begin a new feature called the "Personal Railroad Experience" to replace the 15-minute Locomotive experience.
- Upcoming Programs:
  - September 9: Informal talk by Paul Newton about private car trip. Personal Railroad Experience: Paul Newton
  - October 14: Fred Brechler video on the 20<sup>th</sup> Century Limited. Personal Railroad Experience: Jim Smith
  - November 11: C&O Car Ferry by Bill Howes. Personal Railroad Experience: Art Towson.

Tonight's speaker was Howard Blasczyk on the history of railroads in Palatka.

Respectfully Submitted,

Paul Newton

## September 9, 2010 Meeting Minutes

The meeting of the Southeast Chapter of the Railway & Locomotive Historical Society was called to order at 6:45 pm by vice-chairman Jim Smith. There were two guests and seven members present.

Secretary's Report: The minutes from the August meeting were read and approved.

Treasurer's Report: Robert Van Nest reported that the savings balance is currently \$4,817.96. In addition to this amount, we have the two CD's. The treasurer's report was read and approved.

### Committee Reports:

- Newsletter: The organization currently has 44 e-mail addresses to e-mail the newsletter to.
- Trip Committee: The group discussed still pursuing an upcoming Tampa Bay train trip. Please place March 12 & 13, 2011 on your calendar as possible dates for our weekend rail excursion. Let us know if you may be interested in participating.
- Website Committee: John Leynes added the membership form to the website. John is still investigating a visible website "hit counter" on the website. He did however, offer some site statistics that include that year-to-date in 2010, we have had 11,000 visits to the website, including international individuals.

### Old Business:

- The grant to provide financial funding to preserve the ACL 1504 locomotive was declined but the group is interested in searching for additional financing in the future. The task now regards finding enough volunteers to restore the locomotive in some manner and getting certification to be on the property to perform the work.
- John Leynes reported that Ed Mueller is investigating copyright issues regarding a new DVD on railroad music. The project will be developed further and assessed at a future meeting.
- The organization discussed making a presentation to the Palatka Railroad Preservation Society. Jim Smith will call that group to schedule a time.

### New Business:

- Elections are upcoming. Bill Howes & Paul Newtonson will be members of the nominating committee.
- Annual banquet ideas were discussed. Jim Smith will reach out to Barry Baines regarding hosting the banquet. The Trestle House near Folkston, Georgia is also a possibility.
- "Model Display & Garage Sale" tentative date – sometime in January.
- Upcoming Programs:
  - October 14: Jim Smith presents his "Personal Railroad Experience." Fred Brechler video on the 20<sup>th</sup> Century Limited.
  - November 11: Art Towson presents a "Personal Railroad Experience." Bill Howes will present the C&O Car Ferries.

### Announcements:

- October 2 – Deland Train Show.
- October 16/17 – Palatka Railfest.
- The R&LHS Convention is June 2-5, 2011.

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Paul Newtonson presented a private car journey discussion and the personal railroad experience.

Respectfully Submitted,

Paul Newtonson