him from great distances at low costs.

But, it may be objected, could the railroads not greatly increase their profits by basing their rates on per-unit per-distance traveled? Of course, they could in the abstract; that is, if the volume of freight would remain the same for the higher rates that it would for diminishing rates, they would have every reason to charge those at greater distances proportionally higher rates. The only thing is that the volume would not remain the same, and any railroad management so shortsighted as to suppose that it would, might be expected to bankrupt the company in short order. This brings us to the second reason for the identity of interest between railroad and consumer: competition.

Aspects of Competition

Few things can have been more misunderstood than the nature of the competition with which railroads have been confronted. It is quite common to treat the matter as if competition only existed – prior to automotive and aeronautical transport – when two or more railroads connected with the same points. This is only one kind of competition and in many instances may be less important than others. One writer described the kinds of competition railroads encountered in this way: "competition between carriers by rail, competition with rail and water lines, competition with water lines, competition between markets, or competition of product with product."[2] To which it might be added that passenger traffic is in competition with such other modes of transportation as existed plus alternative uses of money.

Some examples may help to clarify the kinds of competition involved. Any given locale may be in competition with other locales for a particular market. For example, one might consider the market for grapefruit in Baltimore, Maryland. Domestic grapefruit might be brought to Baltimore from Florida, from Texas, or from California. Florida is nearer than Texas to Baltimore, and both are nearer than California. Suppose there were only one railroad from California to Baltimore. It still could not charge whatever price suited it for hauling grapefruit. It would have to meet the rates of rail and ship lines from Florida and Texas. The same would be true, it must be clear, whether there were one or twenty lines from California to Baltimore.

[2] Henry Fink, *Regulation of Railway Rates on Interstate Freight Traffic* (New York: The Evening Post Job Printing Office, 1905), pp. 9-10.

Competing for Markets

The competition for markets is broader and more extensive than the above would indicate. The following is a description of it regarding other products and markets:

> This competition is national and international in scope; not only does the wheat of Dakota compete in Chicago with that of Kansas and Nebraska, but the wheat of the United States competes in Liverpool with that of Canada, Russia, Argentine Republic and India. . . . The Pennsylvania and Virginia coal competes in New England with that from Nova Scotia; the various coal fields in the Alleghenies compete with each other; the Southern iron and Northern iron are competitors. . . .[3]

This competition for market applies even when only one railroad is involved. Distance from the market must be largely negated as a factor in charges for transportation if those farther from the market are to compete with those nearer to the market. For example, if farmers near Poughkeepsie had to pay twice as much as those near Peekskill, if those near Albany four times as much as those from Poughkeepsie, those near Syracuse three times as much as those from Albany, to get milk delivered by railroad to New York City, the chances are good that milk from distant points would never have reached New York City. On the contrary, rates must be approximately the same from all these places to the destination. The railroads want to haul freight, and in order to make distant commodities competitive with those nearby, they will charge less on many occasions than would seem to be warranted by the distance.

Competition between products or services must also be taken into consideration. Not only are human wants extensive but also the means for gratifying them are numerous and diverse. The number of foods which, either singly or in combination with a few others, will sustain life and health are so many as to be unnumbered. There are numerous fibers from which to make clothes, a great variety of building materials, a considerable number of fuels, and so on. If the price of any one of these is raised significantly, alternative means are likely to be used to gratify the want. For example, if oranges become more expensive, apples may be substituted. The consumption of commodities for which the demand is elastic will decline as the price rises, particularly if it rises in proportion to

[3] Charles S. Langsroth, *Railroad Co-operation in the United States* (Philadelphia: University of Pennsylvania, 1899), p. 85.