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Interstate Commerce Commission's Denial of Northern Rail Carriers' Petition for Modification of Commission's Order in Southern Governors' Commodity Case

Strom Thurmond

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The Interstate Commerce Commission on Wednesday last denied the petition of Northern rail carriers to increase rail commodity rates from the South to the North which were set by the Commission in the case filed by the State of Alabama et al v. N. Y. C.R.R. in 1937 (commonly known as the Southern Governors' Commodity Case). The argument for the Southern Governors' Conference was presented by Mr. J.V. Norman, of the law firm of Norman, Quirk, & Webb, of Louisville, Kentucky. Mr. Norman has represented the Southern Governors' Conference in its long fight for freight equalities.

This petition grew out of the affirmation by the Supreme Court of the Interstate Commerce Commission's decision on the more important Southern Governors' Case on Class Rates -- effective August 22, 1947 -- which raised freight rates in the North and East by 10 per cent and lowered them in the South and part of the West by 10 per cent.

In the original case prosecuted by the Southern Governors' Conference in 1937, the Interstate Commerce Commission leveled out some historical inequalities in freight rates on a group of commodities by prescribing that they be carried at the same price from the South to the North -- mile for mile -- as those same commodities were carried within the North.

The carriers filed a petition with the Interstate Commerce Commission (October 19, 1945) which sought to modify the order given by that
body in the Southern Governors' Commodity Case. If approved, this petition would have allowed the carriers to raise the rates for those commodities so that such rates would be higher than those on the same commodities shipped in the North and the East.

In response to this petition, the Southern Governors' Conference contended that the ICC should not allow the rates on these commodities to be raised until there was a revision of all rates from the South to the North which would put them on the same level with the lower rates for goods shipped within the North and the East. At the same time, the Southern Governors' Conference asked that the ICC order the carriers to raise the lower rates on goods shipped from the North to the South so that the price — for the same goods, the same weights, shipped the same distances — would be the same as shipments within the South. On January 14, 1946, the ICC denied the petition of the carriers "without prejudice."

In the case decided this week, the carriers proposed to increase numerous rates from the South to put them on a par with the new Northern rates, which went into effect on August 22, 1947. Included among the rates which the carriers wanted to increase were those set by the ICC in the Southern Governors' Commodity Case. The Southern Governors' Conference was successful in securing the denial of this petition.

It appears likely that petitions of similar intent will again be filed. It is not the desire of the Southern Governors' Conference, however, to
maintain a permanent advantage over the North with regard to these commodity rates.

The position of the Southern Governors' Conference is that freight rates should be uniform throughout the nation. Presently the South does have a favorable position in some few commodities while the North is favored in a great many more.

The railroads now have a Committee on Uniform Classification, set up as a result of the I.C.C. decision in the Class Rates Case, working on the problem of uniform rates.

Until such rates are proclaimed, the Southern Governors' Conference feels that the status quo should be maintained on all rates which are favorable to the South.

The Freight Rate Committee of the Southern Governors' Conference follows:

Governor J. Strom Thurmond, Chairman

Governor Jim Nance McCord of Tennessee

Governor R. Gregg Cherry of North Carolina

Governor Fielding L. Wright of Mississippi

Governor M. E. Thompson of Georgia