

The Best Method of Assessing and Collecting Demurrage Charges.

H. W. JOHNSON.

Since the supervision of assessing and collecting demurrage charges for this company has been directly in the hands of the car accountant, most of our agents have had practical lessons both from traveling supervisors and from circular and letter instructions on the best methods to be used in assessing and collecting demurrage charges; and while a great many of our agents have displayed much interest in this important branch of their daily work, there are few who will not broaden their knowledge of this intricate question by reading the following from a pamphlet recently issued by the general manager of the Chicago Great Western Railway to the employes of that company, embodying a very able paper on "The Best Method of Assessing and Collecting Demurrage Charges," prepared by the Minneapolis agent of the Chicago Great Western.

There are two points in the following paper upon which particular stress should be laid; viz, the importance of proper records and the prompt presentation and collection of bills.

The contents of the Chicago Great Western pamphlet follow:

"At a recent meeting of the Chicago Great Western Station Agents' Association (Northern Division branch), which was held at St. Paul. Mr. L. H. Caswell, Agent at Minneapolis, presented an able paper on the subject of "Assessing and Collecting Demurrage Charges." This paper was prepared in such an intelligent manner and so lucidly covered the subject under consideration, that I consider it profitable for every employe in the Company's service to read it,—not only such employes who are directly interested in demurrage questions, but others as well. If you do not know what "demurrage" means, here is a good opportunity to become enlightened. If you call yourself a railroad man, this is a good live topic on which you should be posted.

The address follows:

Mr. Chairman and Gentlemen:—Pursuant to request of your Chairman that I prepare a paper on the best method of assessing and collecting demurrage charges, to be read at this meeting, I beg to submit the following:

The first consideration, naturally, is the right of a railroad company to make a demurrage charge for any unreasonable detention to its equipment by shippers or consignees, always bearing in mind that the cars of the railroad company are built for transportation purposes and not for warehouse

purposes; that any unreasonable detention to equipment is a trespass upon the rights of other patrons of the railroad company to the use of railroad company's cars, which they may desire for transportation purposes. Long before there was statutory law on this subject, courts of record readily conceded and decided that a railroad company was entitled to compensation for any valuable service rendered; that the holding of railroad equipment by a consignee or shipper beyond a reasonable time, was practically forcing the railroad company into the position of involuntary warehouse-men for hire, as the law did not contemplate that something should be given for nothing.

The courts further recognized the obligation of the railroad company to all its patrons, and that the public must necessarily suffer if railroad companies were deprived of their cars by diverting them from transportation service to warehouse uses. They even went so far as to say that it was the duty of railroad companies to provide rules governing the use of their cars, defining the free time for loading and unloading, and all that is required is that the free time be a reasonable free time, defining the rate, and that the charge be reasonable.

At the present time railroad companies have published tariffs contain-

ing a code of demurrage rules, the result of the labor of a committee appointed by the National Association of State Railroad & Warehouse Commissioners of the various states, of which committee Mr. Lane of the Interstate Commerce Commission, was Chairman. The code framed by the Committee was recommended for adoption by all the railroads of the country. In this work the Committee and Mr. Lane, its Chairman, had in mind the definition of the word "Transportation" as stated in the Hepburn Amendment to the Interstate Commerce Act, which became effective thirty (30) days after June 26, 1906, which is as follows:

The Amended Act Provided that:

"* * * Any common carrier or carriers engaged in the transportation of passengers or property, from one State or Territory in the United States, or the District of Columbia, to any other State or Territory of the United States, or the District of Columbia, or from one place in a territory to another place in the same territory, or from any place in the United States to an adjacent foreign country, etc."

Speaking of common carriers the statute includes certain lines of business which are not universally recognized as common carriers at common law, which are mentioned in the following terms:

"* * * The term 'common carrier' as used in this Act shall include express companies and sleeping car companies. The term 'railroad' as used in this Act shall include all bridges and ferries used or operated in connection with any railroad, and also all the road in use by any corporation operating the railroad, whether owned or operated under a contract, agreement or lease, and shall also include all switches, spurs, tracks and terminal facilities of every kind used or necessary in the transportation of the persons or property designated herein, and also all freight depots, yards and grounds used or necessary in transportation or delivery of any of said property."

Speaking of transportation the statute explains in the following language the scope of the word, so as to include certain things concerning

which there has previously been a doubt.

"The term 'transportation' shall include cars and other vehicles and all instrumentalities and facilities of shipment or carriage, irrespective of ownership or any contract, expressed or implied, for the use thereof and all service in connection with receipt, delivery, elevation, and transfer in transit, ventilation, refrigeration, or icing, storing and handling of property transported; and it shall be the duty of every carrier subject to the provisions of this Act to provide and furnish such transportation upon reasonable request therefor, and establish through routes and just and reasonable rates applicable thereto.

"All charges made for service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable; and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful."

Here we have the law which definitely states that the duty of this railroad company, as well as others, is to furnish transportation upon reasonable request, and transportation is defined as including all acts in connection therewith, which necessarily includes demurrage; that the charge for any service in connection with transportation, which is defined as being the act of transporting the freight, shall be just and reasonable.

In Section (3) of the Amended Act it provides that it:

"* * * Shall be unlawful for any common carrier subject to the provisions of this Act to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, or any particular description of traffic, in any respect whatsoever, or to subject any particular person, company, firm, corporation or locality, or any particular description of traffic to any undue or unreasonable prejudice in any respect whatsoever."

Here again the law is clear to the

effect that there must be no undue preference.

In Section (6) it provides:

"* * * That every common carrier subject to the provisions of this Act shall file with the Commission created by this Act and print and keep open to public inspection, schedules showing all the rates, fares and charges for transportation."

And that the schedules which are required by this Act to be filed shall also—

"* * * State separately all terminal charges, storage charges, icing charges, and all other charges which the Commission may require, all privileges or facilities granted or allowed and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares and charges, or the value of the service rendered to the passenger, shipper or consignee."

Here we have the foundation upon which demurrage rules, regulations and rates are established. It is clear that no more or no less than the tariff charge must be assessed and collected.

Having shown that the definition for "Common Carriers" includes railroads and that "Railroads" include all its facilities, including its terminal facilities; that the term "Transportation" is defined as including all acts in connection therewith, we have laid the foundation upon which demurrage rules, regulations and rates are based. Then we come properly to the consideration of:

The method of assessing and collecting demurrage charges.

Having shown that no undue preference may be given, or that a shipper or receiver shall not be subjected to any unreasonable prejudice or disadvantage in any respect whatsoever, the assessing of demurrage charges carries with it the obligation on the part of the railroad company to assess all demurrage charges in strict conformity with published tariffs and without discrimination. Therefore a practical compliance with these requirements necessitates,—

That demurrage work be organized; that all concerned be properly informed as to the nature of the requirements

of demurrage tariffs, rules and regulations. For this purpose the importance of proper records will immediately appeal to you, and for a more complete analysis of the requirements for a lawful application of the demurrage tariffs, the subject may be divided under two heads, viz.: Carload freight to be forwarded, and carload freight received.

The first step to be taken in forwarding a carload of freight is a request for a car suitable to load the freight desired to be transported. A record of this order for an empty car and the nature of car desired should be made. If the empty car is to be loaded from a public team track the shipper should be notified immediately after the car is placed in an accessible position for loading purposes, and a record should be made of this notice. The rules and regulations then specifically state how the free time shall be computed and the charges assessed.

When an empty car is to be set on a private track for loading, this fact should be recorded, but no notice of placing the empty car is required, for the reason that the actual placing of the car on the private track constitutes notice thereof to the shipper. The rules provide how the free time is to be computed and the demurrage charges assessed,—but here another record is necessary to establish the correctness of any charge assessed, namely: A daily yard check, to be taken and filed in the local office. This daily yard check should show the number and initial, track location, whether loaded or empty, of the car, each day during the entire time it is at the service of the shipper or receiver, from the time it was first placed until released.

On carload freight received.

First of all, a notice of arrival should be given to the consignee named in the billing, which notice is to be made part of the records in the local office; where the car is placed on delivery track, whether a public team track or private track, the daily yard check should show its location and show whether loaded or empty, and whether or not it was held for the convenience of the consignee during the entire time the car was delayed in unloading.

With these records and a record of the cars just as they are received,

placed and unloaded, or just as placed and loaded out, a basis is had upon which to assess charges; also a foundation for rendering correct bills for demurrage charges, with records on file to substantiate the correctness of bills as rendered.

It follows that bills should be presented promptly, and with the keeping of proper records upon which to minimize the possibility of errors in applying demurrage tariffs and a prompt presentation of bills for such charges due, it will be found that ability to collect demurrage charges with the minimum effort is increased.

The fact remains, however, that having assessed charges properly under tariffs, it becomes the duty of the railroad company to collect such charges, because the warning as against undue preference being shown (Section 3 of the Interstate Commerce Act), applies to the act of the railroad company of assessing and collecting demurrage charges from one firm, and assessing and failing to collect demurrage charges from another firm, and since eventually the charges will have to be collected, by suit if necessary, the best method naturally is to provide the necessary records upon which to assess demurrage charges correctly and demand payment thereof promptly when they are due.

It is one thing to assess demurrage charges and another thing to make the collection. I have experienced

trouble in collecting demurrage charges and always expect to have more or less trouble, because there are firms who believe it to be a trespass upon their rights to not be allowed to hold cars indefinitely as it may suit their requirements of business necessities, free of charge, with utter disregard to the rights of other patrons of the railroad company to the use of these cars in transportation service.

An analysis of your demurrage business will doubtless disclose the same evidence which is apparent to me in the analysis of the demurrage business at our station;—that a very heavy percentage of the demurrage charges are collected without trouble or without resorting to the necessity of furnishing absolute proof as to the correctness of the charges, by a transcript of our records. So we have the proposition confronting us, that the trouble in collecting demurrage charges emanates from the few, that this action on the part of the few is in the nature of a selfish desire to force the railroads into furnishing free warehouse facilities as long as their necessities in the case may require. It is evident, therefore, that these few are the ones upon whom we should center our efforts, and, as stated before, no better effort towards securing payment of demurrage charges can be had than by first providing records which establish the correctness of the charge assessed and then following this up with prompt presentation of bills.

Catalpa Crop.

In 1880 the old Memphis road, now part of the Frisco, set out thousands of catalpa trees in that portion of its territory now known as Farlington, Kansas. A full section was planted with the sprouts and they were set only three feet apart.

Many persons living in that vicinity are able to recall the enormous gang of men who assisted in the work and the time required for its completion.

The reproduction herewith, taken in 1908, shows poles cut from the Frisco's catalpa tree farm, which were sawed up into fence posts.



The picture was sent to THE FRISCO-MAN by R. Martin, agent, Farlington, Kansas.



J. K. Turner's Open Letter

:: *To Brotherhood Men and Their Leaders* ::

Mr. Turner's open letter will be discussed in brotherhood meetings, on trains, in shops, in roundhouses, and executive offices for many a day. It is a letter to you, Mr. Railroad Man. It asks you questions that you are bound to answer. It will give you new light upon some of the causes back of the conditions which are causing the terrible wrecks that so frequently startle the country. It will stir you to both thought and action. It will lead to the saving of life and limb. It will save homes. It may save the brotherhoods themselves. It is perhaps the most potent industrial document penned in a decade. Unless you read and digest it, you will have fallen behind the real thinkers in railroad circles. You will find it in

The Mediator

for

NOVEMBER

Ten cents in stamps will bring you a copy of the issue that contains this ringing letter to railroad men. Send for it today.

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CLEVELAND, OHIO