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SENATE

{ REPORT
{ No. 1017

REPEAL OF PULLMAN SURCHARGE

JUNE 7 (calendar day, JUNE 8), 1926.—Ordered to be printed

Mr. FERNALD, from the Committee on Interstate Commerce, submitted the following

REPORT

[To accompany S. 1143]

The Committee on Interstate Commerce, to whom was referred the bill (S. 1143) amending section 1 of the interstate commerce act, having duly considered the same, recommends that it do pass without amendment.

The purpose of this bill is to repeal the Pullman surcharge, which was a tax placed upon the traveling public during the war-time period. The Pullman surcharge was put into effect originally, on June 10, 1918, by Director General of Railroads William G. McAdoo during the war period, and, like numerous other war measures and practices, ought not to be continued as a rate-making scheme in time of peace. The Senate has heretofore showed its disapproval of the Pullman surcharge, on two occasions, by passing legislation for its repeal.

The conditions of the railroads, generally, at the present time, as reflected in annual reports and statistics, show that the roads, particularly the class 1 roads, are on a sound footing and do not need the surcharge. The class 1 roads are those which receive the greater percentage of the surcharge revenues.

While it may be contended that the repeal of the Pullman surcharge will adversely affect the income of certain railroads which are not in the class 1 group, the answer is that the financial improvement of such roads should be adjusted by changes in freight rates rather than penalizing the traveling public by retention of war-time charges.

It is wrong in principle and economically unsound for certain railroads, not in the class 1 group, to place an excessive charge upon the Pullman passengers in order to bolster up income of such railroads from freight traffic, which freight traffic produces inadequate revenue.

It is known that proceedings are pending before the Interstate Commerce Commission to readjust freight rates. Such readjustment should be made upon the merits. It is clear that the Pullman passenger travel should not be penalized because of inadequate revenue of some railroads from freight-carrying income.