

Price Discrimination by the Railroads

A. Discrimination against types of traffic; examples

1. Value Based Pricing –
2. Asymmetric Traffic – $P_{AB} < P_{BA}$
3. Volume Discounts

B. **Discrimination against Places.** Given 4 cities, A, B, C, D, in order along a Railroad line, it was *often* the case that $P_{AD} + P_{DC} < P_{AC}$

C. **Discrimination against Persons** – Rebates and Drawbacks