

Increased All Rail Freight Rates from Eastern Points to Port Arthur and the West.

Canadian Railway and Marine World for July published general order 210, passed by the Board of Railway Commissioners, dismissing complaints of Winnipeg, Calgary, Regina, and Saskatoon Boards of Trade and the Canadian Manufacturers Association, against Tariffs C.R.C. 3 and 4, effective Sept. 1, 1917, filed on behalf of the railway companies by the Canadian Freight Association's Manager, providing increased all rail freight rates from Eastern Canada to points west of and including Port Arthur. Following is the full text of the judgment, given by Commissioner McLean, and concurred in by the Assistant Chief Commissioner, D'Arcy Scott.

Judgment was given by the board on March 29, 1917, finding that certain increases proposed on local lake and rail rates from stations in Canada to Fort William and other lake ports were reasonable, and said rates were allowed to become effective April 2, 1917. The relation of the lake and rail rates, which were thus allowed to become effective, to the water rates are set out in the judgment as follows: "The new lake and rail rates will so far as is known be the following number of cents per 100 lb. over the maximum all water rates for the season of 1917 in the classes mentioned: 1st class, 5c; 2nd class, 4c; 3rd class, 4c; 4th class, 3c; 5th to 10th classes, inclusive, 2c. And the proposed rates will be under the present all-rail rates to Fort William, 45c per 100 lb. first class, and 12c per 100 lb. 5th class from Toronto; and 35c first class and 7c fifth class from Montreal."

Thereafter tariffs were filed by the Canadian Freight Association providing for increases in rail, lake and rail rates from points in Eastern Canada to points in Western Canada, to become effective April 23. The scope of these rates was set out in the Assistant Chief Commissioner's judgment of April 7, 1917. As explained in this judgment, the situation was as follows: "In framing the new tariffs, the railways have not increased the proportion of the rate covering the rail haul from the head of the lakes to destination. Therefore, the advances that are proposed in the new tariffs are the same to all points west of Fort William. As an example, the proposed class rate to Winnipeg and to Vancouver both show the same advance in each class. The class rates advances to all points west of Fort William are for 100 lb. 1st class, 6c; and, 3rd and 4th classes, 3c; 5th class, 2c; 6th to 10th classes, 1c. Advances ranging from 1c to 6c per 100 lb. in rates on different commodities are proposed in the commodity tariff."

Protests were received from the boards of trade of the western cities and the Canadian Manufacturers' Association's Prairie Provinces' Branch, asking the Board to suspend lake and rail furtherance rates until the railway companies had justified the proposed increases. The position taken by the railway companies was that the increases were concerned with a water competitive situation. The board was of opinion that the action in the local rail and lakes rates case above referred to should not be taken by the companies as a necessary justification for the increase in rail, lake and rail rates to western points; and the opinion was expressed that there might be principles applicable to the proposed western rates, or

circumstances and conditions to be considered which had no application to the local rates to Fort William. The matter was suspended so that further representations of the parties interested could be hearing in the west. Sittings were held in different western cities: and thereafter general order 197 was issued permitting the tariffs as filed to become effective, with the exception of rates on sugar to Port Arthur, Fort William and Westfort for furtherance, said excepted rates being limited by the proviso that the existing rail and water rates on sugar to Port Arthur, Fort William and Westfort were to be continued in effect until further order by the board.

The subject matter of the present complaint relates itself to what has been above set out. Effective Sept. 1, 1917, tariffs were filed advancing all rail, class and commodity rates to points west of Fort William and Port Arthur. The history of the class rates involved is set out in detail later on. There are three sets of routes and rates involved in connection with a movement for furtherance beyond Fort William; first of all, there is the lake route and rate; then comes the lake and rail route, with a rate exceeding the lake rate by a given difference; and then there is the all rail route and rate, which rate exceeds the lake and rail rate by a given difference; this for a period of years, as later explained, having been 25c. What is involved in the rates which are the subject matter of the present complaint is that the lake and rail rate for furtherance having been increased by 6c on 1st class, the all rail rate is increased by the hitherto existing differences between the lake and rail and all rail rates; i.e., the first class rate would become 81c instead of 75c as hitherto. The other classes scale in proportion. The rate to a point beyond Fort William from the east is made up of the addition of the all rail proportional, as referred to, to the rate from Fort William west. Increases are also set out in the case of commodity rates. In the case of iron ore, brick, charcoal, salt cake, the rates have been advanced 1c per 100 lb., 10th class. Other articles which are moving under commodity rates have also been advanced 1c, which is the advance proposed in the 7th class. Fifth class commodities have advanced 2c, which is the advance proposed in the 5th class rate. Where the same commodity is shown in both tariffs 3 and 5, 3 being the lake and rail and 5 the all rail, the same advance is made in the all rail rate as in the lake and rail, with the exception of bog iron ore, where no advance was made in the lake and rail rate, as last season's lake and rail rates were on the all rail basis. The list of commodities carried in the all rail tariff is more extensive than that contained in the lake and rail tariff. The general relation may be summarized. When a commodity is common to both tariffs, the increase in the all-rail does not exceed the lake and rail. When the all-rail tariff carries a commodity not contained in the lake and rail tariff, the increase, if any, has as its maximum the increase in the class in which the commodity is rated in the classification.

An application for suspension was made. The provisions of the board's regulations as to suspension of tariffs having in the board's opinion, not been met, it was decided that a prima facie case for

suspension had not been made out. As to the procedure that the board has adopted in regard to suspension, reference may be made to the complaint against the proposed rate on canned goods and hardware consigned to points on the Pacific coast, also to the Regina Board of Trade's complaint against proposed tariffs increasing minimums and rates on carload traffic from West Coast to Regina, Sask.; and complaint of H. G. Smith, Limited, Regina, Sask., against C.P.R. tariffs or supplements to existing tariffs, advancing freight rates on dried fruits and canned salmon from Pacific Coast points to Regina. The matter was set down for hearing at Ottawa to be spoken to, and it was also spoken to at Calgary, Edmonton, Saskatoon, Regina, Winnipeg and Fort William.

The matter was spoken to by the railways' representatives at the different points. The general position taken by them was that the situation was a water competitive one. It was set out that the all rail rates had been reduced from a higher basis to a lower basis because of water competition; and it was contended that rates having been reduced to meet water competition, the companies were within their rights, under the Railway Act, in increasing the rates when the water competition was less active.

The position taken by the boards of trade was, in substance, that the increases proposed should be justified both from a cost and from a necessity basis. To the plea that a water competitive condition created a special set of circumstances, the boards of trade in general rejoined that the same conditions as to justification arose here as in regard to rates where water competition was not pleaded. The Edmonton and Fort William boards stated they had no protest to make. At Regina, it was stated on behalf of the Moose Jaw Board of Trade that the increases were so slight that no objection would be made by it. At the hearing at Winnipeg, the Manitoba Government was represented; and its counsel stated, in substance, that the plea as to competitive conditions on the lakes was untenable and that the rates charged had been so adjusted that there was no competition in effect.

The board has recognized the effect of water competition. In the decision in the Western Rates Case, 17 Can. Ry. Cas., 123, the board used the following language: "So far as water competition is concerned, it has been recognized over and over again that the extent to which water competition shall be met is in the discretion of the railway. The board has also held that it is the privilege of a railway in its own interest to meet water competition, and, further, that it is not the privilege of the shipper to demand less than normal rates because of such competition, unless the railway in its own interest chooses to meet it. The principle of water competition has been again recognized practically by all rate regulating commissions. Reference, however, may be made to the board's judgment in Canadian Oil Cos. v. G.T., C.P. and C.N.R. Cos., 12 C.R.C., 351, and the Blind River Board of Trade Case, 15 C.R.C. 146."

In the board's decision in the matter of lake and rail rates from stations in Eastern Canada to Fort William and other lake ports, above referred to, the following language was used: "The justi-