

their report, & they give it as their opinion that the C.P. is not now entitled to a differential on Pacific Coast passenger business. In giving their reasons, they say:

(Here follows the paragraph in the I.C.C. opinion given above to which the no. 3 is prefixed.)

With reference to passenger traffic between New York & San Francisco, the commissioners are of opinion that the C.P. has no right to that traffic because of the greater length of its route. In expressing this opinion the commissioners evidently lost sight of the fact that with nearly the same proportionate difference in distance between points in Eastern Canada & Manitoba, they had already suspended the operation of the 4th sec. of the Interstate Commerce Act, known as "The long & short haul clause," to enable the American lines via Chicago & St. Paul to compete with the C.P. for purely Canadian business to & from Manitoba, without disturbing their intermediate rates, but no doubt this will receive the further consideration of the commissioners.

The findings of the commissioners justify every step taken by the C.P. for the protection of its interests from the very beginning, & while we regret that an opportunity was not given us to fully present our case as regards the specific question of a differential, we cannot help recognizing the marked spirit of fairness with which the whole subject is handled, particularly in view of the fact that on the one side was the C.P.R. Co., "a foreign corporation," while on the other was a combination of companies in the U.S., representing 70,000 miles of railway, before an American tribunal.

Throughout their very able analysis of the question the commissioners seem to have entirely lost sight of the fact that while this Co. is competing with the U.S. railways for interstate traffic, several of the more important lines in the U.S. are active competitors of the C.P. for Canadian traffic, & it may not be out of place to say here that if such an arrangement were practicable, & in the public interest, the C.P. could very well afford, & would be glad to forego, all claims to interstate traffic of every description if its U.S. competitors made no inroads on the business tributary to its lines in Canada.

However, in this case, as in all previous cases involving U.S. traffic, the Co. accepts without question, & will be governed by the decision of the Commission, taking care, of course, that its rates will be on the basis of those which prevail by any other route, & tariffs covering traffic affected by the decision, to take effect on the 25th inst., restoring ante bellum rates as far as practicable in existing conditions will be filed by this Co. in accordance with the Interstate Commerce Law.

TRANSCONTINENTAL RATES RESTORED.

Following up Mr. Shaughnessy's announcement the C.P.R. gave notice that on Sep. 25 transcontinental rates would be restored as indicated. In illustration of the new rates effective Sep. 25, it may be stated that the ante bellum rate from Toronto to North Pacific Coast points via C.P.R., 1st class was \$61.80. The new rate is \$66.30. The 2nd class ante bellum rate was \$55.80. The new rate is \$56.30. The figures during the cutting period were, 1st class, \$35, 2nd, \$25. The Grand Trunk & its U.S. connections' ante bellum rates were, 1st class, \$73.90, 2nd class, \$62.50. Now it is presumed they are the same as the C.P.R. The western U.S. lines now have to maintain tariff rates, or run the risk of having the C.P.R. discover their cuts & adjust its tariff to suit them. To keep tariff rates is something the U.S. western lines have never been able to do for any considerable period.

There appears to have been a general impression that the restoration of transcontinent-

al rates would be accompanied by a restoration of local rates in Ontario & Quebec, but the cutting continues, with no present sign of a speedy cessation. Meanwhile the people are luxuriating in cheap travelling & the G.T.R. & C.P.R. are losing money that might just as well be going into their treasuries. It is a great pity the two managements cannot get together & settle their differences.

Country retailers would hail with delight a restoration of local rates, which have for many months been operating against the leading stores at country centres. Their customers, by reason of the low railway rates, are able to visit Toronto quite frequently & make purchases at the large stores, diverting the regular trade of the country establishments to the city. The restoration of railway rates would, it is thought, result in giving back much of this trade to country merchants. Quite a few cases have been reported of country merchants reducing their purchases on account of the loss of trade in the way stated, & a change in the policy of the railways would be a good thing for the wholesale trade, as it is confidently expected it would lead to larger buying for the country trade than if present conditions were to continue indefinitely.

U.S. Railway Papers' Opinions.

The Railway Age says:—"At the hearing before the Interstate Commerce Commission there was considerable sparring between the representatives of the Canadian Pacific & of the American lines, respectively, on the question as to whether or not the Canadian road was subject to the jurisdiction of the Commission. The C.P. challenged anybody to cite a case wherein it had failed to comply with the commission's rulings. It even went so far as to intimate that in this respect its example might be copied to advantage by companies on this side of the border. American railway men smiled at what was regarded—in language which may or may not be slang—as an admirable 'bluff' on the part of Mr. McNicoll. Whether it was a 'bluff' or not, the C.P. has made its protestations good in somewhat startling fashion by the promptitude with which it has deferred to the wishes of the commission in this particular case. The Commission says that if the C.P. comes into the U.S. to compete for traffic between U.S. points, it should be content to operate upon the same terms as its American competitors, unless those terms are clearly unjust & unreasonable. The C.P. immediately announces that tariffs covering all traffic affected by the decision will be filed with the Commission, to take effect Sep. 25, restoring rates to the ante-bellum basis 'as far as practicable in existing conditions.'

"This is admirable. The only question is as to how far it will be 'practicable under existing conditions.' The C.P., of course, reserves to itself the right to meet any rates made by any other transcontinental route. It may be said without much fear of contradiction that certain of the American transcontinental lines are feeling at the present moment very much more bitterly toward each other than any of them feels toward the C.P. There is a not remote possibility that some of the American lines may find it difficult to maintain rates with entire good faith among themselves, in which case the Canadian road will be in a position to say uncomfortable things."

"Moreover, the deference of the C.P. to the wishes of the Commission does not affect the Ontario-Manitoba-Kootenay business. This traffic is not 'between points in the U.S.' It has been understood for some time that the C.P. would gladly abandon coast differentials, if it could obtain a satisfactory settlement of the Ontario-Manitoba difficulty, or if the American lines would withdraw their support

from the G.T.R. The passenger business to the coast is, in the view of the C.P., a matter of comparative indifference as compared to the business from Ontario points & Eastern Canada to places along its own western lines. When the C.P. files its new tariffs, what position will the American line be in toward the G.T.R.? We have no expectation that the C.P. is prepared to abandon its differentials to Pacific Coast points unless it is assured of retaining its Manitoba colonist business.

"We would not detract one iota from the admirable docility of spirit of the C.P. as shown by its complying with such alacrity with the views of the Commission. But when the smoke clears away we imagine that its complaisance will be found to have had diplomatic advantages. For the war is not over yet."

The Railroad Gazette says:—"Evidently the very lucid explanation of the facts underlying the controversy between the Canadian Pacific & its American competitors, which Commissioner Prouty gave in his report on the subject, convinced our Canadian friends that if their contention was to be based on grounds of reason, which would appeal to non-railroaders, it might as well be abandoned. So far as American traffic managers are concerned the C.P. might have kept up the contest forever; for, according to the barbarous philosophy prevailing among passenger men, a road which demands a differential need present no argument to justify itself, other than the facts that its cars are running and that it is willing to carry people at the rates which it gets. But Mr. Prouty's showing that the C.P. had no disadvantage but time, & probably could easily remedy that, really exposed the whole controversy as one of the old-fashioned, blood-letting kind, where the only principle is to carry for cost, or less, until the other fellow gives in—or until you become faint yourself. The showing that Vancouver is, for some traffic, as important as San Francisco, and that, therefore, the C.P. is not, as in former years, at a great disadvantage in the matter of distance, was the most important fact underlying Commissioner Prouty's argument.

"Mr. Shaughnessy asserts that 'the C.P. would be glad to forego all claims to interstate traffic of every description if its U.S. competitors made no inroads on the business tributary to its lines in Canada.' The precise meaning of these last half-dozen words is not exactly apparent, but the clause is, no doubt, sufficiently elastic to include cotton cloth from New England bound for Asia by the way of Vancouver, a kind of traffic which the American roads might not be willing to exclude from the term 'interstate traffic.'

"While it will be a decided relief to have this hitherto perennial quarrel out of the way, it is in order to remind our Wall Street friends who have been looking for great changes in earnings whenever peace should be declared, that the earnings on the traffic which has been affected by the low rates are but a trifling fraction of the total income of any or all of the roads. The space-writers have, indeed, had a very prolific controversy over an unimportant matter."

The West Shore Ry. dropped a bombshell in the railroad camp the 1st week in September in the shape of an announcement that thereafter its round trip rate from Buffalo to New York would be an even \$10. This cut of \$6 was immediately met by the Lehigh, Erie & Lackawanna, & it is said the New York Central will follow. The cut is the culmination of secret slashing that has been going on in Buffalo for months past. Tickets to New York have been on sale by brokers on some of the lines at as low a rate as \$4.