certain other of the lines between those points. This enters into the rate beyond Chicago which is made by certain additions to the Chicago rate. No lower rate can be made than by the way of Chicago. The C.P. forms its connection between New York & Montreal via the N.Y.C., & while there are other possible routes by differential lines between these points, there is no other practical route. The result is that the fare by this line between New York & Seattle would apparently be $3 more than by some other lines, although the passenger only passes over the N.Y.C. as far as Albany, & the fact that he leaves New York by that line would probably be of very little consequence in determining the transcontinental route. It seems to us that this apparent inequality should be corrected.

The idea above suggested that the Canadian road should not ask a differential in competing for traffic between points in the U.S. applies with equal force to the converse of the proposition.

On Feb. 16, 1898, upon the petition of the G.T.R. of Canada & certain of its American connections, we granted a suspension of the 4th sec. for the purpose of allowing these lines to meet the competition of the C.P. between the Provinces of Ontario & Quebec upon the one hand & Manitoba upon the other. The distance from Montreal to Winnipeg by the C.P. is more than 300 miles shorter than by the American lines & the business which moves between those points is almost wholly that originating & ending in Canada. While the American line should have the same right to compete for this business that the C.P. has to compete for American business, it is doubtful whether they should be granted anything in the way of an immunity to enable them to do so. The suspension of the 4th sec. would seem to be of this nature. The American lines allege that they have a large intermediate business, whereas the C.P. has very little. But the existence of this intermediate business can hardly be termed a disability. The reason for the slower time of the C.P. is alleged to be the want of intermediate business. If that Co. is denied any benefit in one case from the want of it, it certainly should be put under no disadvantage in the other case from the same source. It is perhaps fair, so long as the C.P. observes in the making of its rates the rules of the 4th sec., that its American competitors shall be obliged to do the same. This, of course, refers to a real observance of that rule, not to its observance in particular cases where circumstances render it desirable, & to normal conditions & compensatory rates, not a state of warfare.

Substantially the same observation applies to the suspension of the fourth section in respect to the Kootenay District. That traffic moves largely, although not entirely, between points in Canada, & if the American lines are to compete for it they should perhaps compete under whatever limitations the law imposes.

The order of Feb. 24, 1898, suspending the operation of the 4th sec. was put partly upon the ground that the C.P. was in violation of the provisions of the Interstate Commerce law in making rates without the consent of the initial line. The tariff then filed by the C.P. quoted rates from all New England, from New York & from some other territory in the U.S. The testimony before us then showed that the method of the C.P. was to purchase local tickets to junction points with its own line, as described in that opinion, & this was said to be illegal.

Upon the present hearing it developed that from New England points the rate is now quoted by the initial line so that the objection with reference to that section has been removed. The representative of the C.P. testified that his Co. handled practically no business in New York & contiguous territory save from points upon the N.Y.C. That line has declined to file a reduced tariff, but apparently the operations of the C.P. are conducted with its full knowledge & assent. Under the normal rate it appeared that the N.Y.C. received for its division a less sum than its full local fare from New York to Montreal. It now furnishes the C.P. with its local tickets to be used in ticketing passengers from New York to Montreal, & thence via the C.P. to destination. Upon this ticket & the ticket of the C.P. it checks baggage through from New York to destination. It does not receive for its local ticket the price of its full local fare between New York & Montreal, but receives now the same sum which it had formerly received by way of its division. This seems to constitute a joint arrangement between the 2 companies for transportation by that line. Just what the legal quality of that arrangement may be we do not attempt to decide, but clearly it is not a case where the C.P. invades the territory of the initial road without its consent & purchases business in the manner detailed in the original case.

The action of the C.P. in ticketing to & from Pacific Coast points appears to have been with the consent of the lines interested there, under the arrangements existing before the reduction in rates. It would seem, therefore, that at the present time the actual violations of law in that respect are very much less extensive than it was supposed they were then. While this does not lead to any reconsideration of the conclusions formerly reached, it has an important bearing upon the suggestion of the American lines, that, in view of the contumacy of the Canadian road in this respect, certain retaliatory measures ought to be adopted.

Both the representatives of the American lines & of the C.P. have applied to this Commission with the request & in the hope that some measures might be taken by it which would relieve the unfortunate situation. Apparently the Commission has no power to afford such relief. It cannot allow or disallow the differential in dispute. It has investigated this question for the reasons indicated in the foregoing opinion, & would deem it extremely fortunate if the conclusions reached might be made the basis of an early adjustment of the matters in difference.

It must be distinctly understood, however, that we do not recommend the settlement of this controversy by the making of any agreement, involving arbitration or otherwise, which is in violation of the Anti-Trust Law, as interpreted by the Supreme Court of the U.S.

Such features of the past or future history of this controversy as may in our judgment render appropriate any statement or recommendation to Congress will be presented in our annual report to that body. So far as our official action can affect the matter, we conclude that we ought not at present to rescind the suspension orders heretofore made; but if the C.P. should waive its claim to the differential, in accordance with the views above expressed, it might become our duty to revoke the permission granted by those orders.

The Canadian Pacific's Prompt Action.

On Sept. 6, Vice-President Shaughnessy issued the following circular to the executive officers of competing & connecting lines:

The complete opinion of the Interstate Commerce Commission in the matter of certain differences about passenger rates between the C.P. & a number of railway companies in the U.S. has just come to hand.

The commissioners recite the circumstances under which the C.P. was, by agreement with the other lines, first accorded a differential, & in this connection they say:

(Here follow the paragraphs in the I.C.C. opinion given above to which the nos. 1 & 2 are prefixed.)

It was not understood by this Co. that the commissioners would express an opinion on the merits of the claim for a differential, &, therefore, the Co. had no opportunity to submit in full its evidence & argument, but the commissioners have dealt with the subject in