

APPENDIX No. 3

Mr. W. S. STOUT, President, Dominion Express Company, Montreal, called, sworn and examined.

Mr. STOUT: Mr. Chairman, before answering any questions I would like to make this statement. I have read the evidence of the gentlemen who preceded me in this inquiry, with the exception of that of Mr. Pullen, whose testimony was not printed in time for me to secure it. I have also had a talk with Mr. Pullen, not only with a view to discussing what evidence he gave, but also to show how far he thought we could go in meeting the wishes of the fishing industry in connection with the matter of rates, accommodation and facilities, and it seems to me that if you would allow me to make a little explanation as to the basis upon which our express rates are made, possibly it would save time in the end, and you would better appreciate the position of the express companies in the matter of rates, because I can see or believe, that there is a wrong impression along that line in the minds of the general public.

The CHAIRMAN: Is it the pleasure of the Committee that Mr. Stout shall have the privilege of prefacing his evidence by a very brief statement?

Carried.

The CHAIRMAN: Will you please make your statement as briefly as you can, as we want to keep the record down to as narrow a compass as possible.

WITNESS: Well, I might say that express rates are based not on the value of the product carried but rather upon the service which is rendered. It is not the purpose of any railway company to encourage any more express traffic than is necessary to the general interest of the public; neither is it the purpose of any express company to compete with the railroads for traffic that might be handled to the satisfaction of the public on a freight train. The express business is to expedite business and the rates which we charge are for the dispatch and the personal service which is rendered in connection with it. The Interstate Commerce Commission in fixing the rates which have been established in the United States gave this subject very careful consideration and, I am told, that it was a more puzzling subject to them than any other subject that has come before them. I have here a pamphlet issued by the American Express Company and it gives extracts from the testimony of Mr. W. A. Ryan who was the Interstate Commerce Commission expert before the Tennessee Railroad Commission in connection with the proposition to have the State Commissions adopt in their interstate tariffs the interstate basis so as to have uniformity. Mr. Ryan says: "In entering into the question of the express rate we find no recognized basis for express transportation rates." The testimony had been offered to the Commission going to show that between two and three times the first class freight rate would be a fair basis for express rate, but the Commission found after extensive investigation that such basis would not produce a rate that would be sufficient or satisfactory to the express companies and decided that the basis should include three elements: first, transportation, that is payment to the railway company for the rail haul and allowance for the car in transit; second, the railway terminal service, allowance for the railway terminals and for the express terminal service other than the pickup and delivery, that is the waggon service; and third, the pickup and delivery. They arrived at the rail haul part of the rate as approximately 15 cents for each 50 miles per zone 1, to which was added at that time 25 cents per hundred pounds for the rail terminal, and these two factors equalled approximately double the first class freight rates for the same distances. The service was treated as if performed by one agent, that is to say, the Commission deal with the question as if it were dealt with by one agency instead of by a railway company and an express company, as is generally the case in the United States. The charge for terminal service, waggon and delivery, was put down at 20 cents per shipment, or 20 cents per hundred pounds where the shipment happened to be 100 pounds weight or more. I might say