

The Freight Traffic Manager of the C.P.R., speaking of the effect of the recent decision of the Interstate Commerce Commission that all export rates on freight should bear as heavily on the export business as the existing rates on domestic business should bear on the local business in the U.S., said that the only effect which the decision would have on the Canadian lines would be to keep up the export freight rates. The decision of the Commission simply means that no line in the U.S. will be allowed to make an export rate on freight which is lower than its corresponding domestic freight rate. This will, of course, prevent cutting of rates to secure export business, & in that regard, of course, Canadian lines will be affected in as much as the export rates in the U.S. will be kept up, enabling Canadian lines to do the same.

Grain Export via Boston.

A. F. Brown, the largest export grain forwarder in Boston, has been visiting Manitoba, accompanied by Foreign Freight Agent Corbett, of the C.P.R., to interview the grain shippers on the subject of exporting all rail via Boston over the C.P. & Boston & Maine railways. The high lake freights which will prevail this fall will give the C.P.R. an opportunity to handle a large quantity of this season's crop over its all rail line to the Atlantic seaboard, & special efforts will be made by that Co. to this end. The close relations between the C.P.R. & the B. & M. R., together with the excellent elevator facilities & large ocean tonnage at Boston will probably make that the export route, although the New York Central will undoubtedly make a strong effort to get a share at Ogdensburg or Montreal for export via New York.

In an interview in Montreal, on his return from Winnipeg, Mr. Brown said that Boston increased its business last year in the handling of Canadian grain by over 6,000,000 bush., & it was expected that this year there would be a further increase of 25% over last. The steamship charges at Boston, he says, are exceptionally low, steamship lines being authority for the statement that the harbor charges there are about \$1,500 less each trip than at New York. He expects that the Boston & Maine R.R., the U.S. connection of the C.P.R., will carry a large quantity of the Canadian grain to Boston during the coming winter. This result will be contributed to, he believes, by the fact that the C.P.R. being shut out from the St. John & Halifax trade by the recent traffic agreement between the I.C.R. & the G.T.R., will naturally divert as much trade as possible to Boston, via Newport. The C.P.R. would do this as a plain business matter, & in their own financial interests. Of his impressions of Manitoba Mr. Brown said: "I had previously made regular trips through the northwestern States; but never before did I see the wheat-growing portion of the Canadian West. It was simply a revelation to me. After remaining two days in Winnipeg, we went westward 150 miles, & then drove 30 miles north of the main line. There is no wheat-growing country like it on the American continent. I have been in the grain business from 12 to 15 years, but Manitoba surpasses anything I had ever seen in the south. In fact, no one can realize the vast extent & splendid quality of the golden grain I have just seen in the province of Manitoba. The wheat is remarkably clear from weeds & smut; & as I have just said, I never before saw anything like it. We visited a farm eight miles north of Brandon, owned by a Mr. Devine, & the surroundings were really remarkable. His house is built of stone & finished in white wood, & on every hand were indications of comfort & even luxury. This fact is a distinctive feature of your new western country. In the older sections of Kansas & Minnesota we see pretty

good farm houses, but nothing like the establishments that are to be met with on every side in Manitoba. Devine has 300 acres under wheat, & he expects to raise 9,000 bush., & at the price he sold for last year, viz., 67c., will have a good deal of money to put in the bank. I have heard bank managers out there say that the farmers of Manitoba have good deposits, & from what I have seen I am not at all astonished. There is no question in my mind that the crop of Manitoba & the Territories will be 50,000,000 bush., & all say that it will grade no. 1 hard. I was very much impressed with Winnipeg, & it must, with its magnificent back country, become a very large city. In fact, the whole country was a revelation to me. Then there is the C.P.R., which is a wonderfully enterprising corporation; & after seeing the country through which it runs, I am not surprised that the stock should go up. The cars composing the Imperial Limited are simply palaces on wheels."

Export & Domestic Freight Rates.

The question of relative rates upon export & domestic traffic in grain & grain products & of the publication of tariffs relating to such traffic was decided by the U.S. Interstate Commerce Commission, Aug. 7. Following is the official statement:

The Act to regulate commerce applies to the transportation of export & import traffic, & the jurisdiction of the Commission over such traffic is not denied, but is distinctly affirmed & rather enlarged by the decision of the U.S. Supreme Court in *Texas & Pacific R. Co. v. Interstate Commerce Commission*, 162 U.S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405.

The Act to regulate commerce does not, as matter of law, prohibit a carrier by railroad from making a through rate from a point within the U.S. to a foreign destination of which its division shall be less than the amount charged by it for the corresponding transportation of domestic merchandise to the port of export. Nor is it, as matter of law, in violation of the Act for such carrier to make a lower rate to the port of export upon traffic which is exported than upon that which is locally consumed, for the export rate is in essence the division of a through rate. *Texas & Pacific R. Co. v. Interstate Commerce Commission*, 162 U.S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405, cited & applied. *Kemble v. Boston & Albany R. Co.* 8 I.C.C. Rep. 110, cited & approved.

It is a question of fact whether rates upon export or import traffic, as well as those upon domestic traffic, are in contravention of the provisions of the Act to regulate commerce.

The Act to regulate commerce was intended to & does apply, not only in cases of direct injury to particular individuals or industries, but also in cases involving indirect injury to the community as a whole, & in the absence of some justifying reason, it would not be right for U.S. railroads to permanently transact business for foreigners at a less rate than that for which they render a corresponding service to U.S. citizens.

Market conditions, sometimes in case of wheat, but seldom in case of corn, may justify an export rate through the port of New York somewhat lower than the domestic rate, & Philadelphia, Baltimore, Norfolk & Newport News usually take rates which are certain differentials below the New York rate on both domestic & export traffic. During the period of closed lake navigation the export & domestic grain rates to New York & the other ports mentioned should ordinarily be the same. Rates to other ports, including Boston & ports on the Atlantic north of Boston, & Galveston, New Orleans & other Gulf ports may perhaps be properly made lower on export than on domestic traffic to enable them to compete for the ex-

port business. Such an adjustment of rates would be to the advantage of the carrier, & just alike to the U.S. consumer & the U.S. producer. But as the problem is primarily one for the carriers rather than this Commission, & some rate changes have been made by them during the progress of this proceeding, & the testimony indicates that the present disparities between domestic & export rates will not become permanent, no order is made in relation to this branch of the case.

In the application of export grain rates the carriers should in no case make the rate from any point to the seaboard less than that from any intermediate point on the same line.

Carriers engaged in the transportation of export flour from Minneapolis at a rate which is $1\frac{1}{2}$ c. less than the domestic rate to the port of export refuse to make any corresponding concession to intermediate millers. Held, That this is unjust & unlawful discrimination against such intermediate traffic, & that whatever line participates in such lower export rate on flour from Minneapolis must make a corresponding rate upon similar traffic from intermediate points.

There may be instances where a carrier should be permitted to meet railroad competition without reference to its intermediate territory, but when the very existence of an important industry depends upon the carrier being required to treat intermediate territory as it does the more distant territory, the rule of no greater charge for the shorter distance clearly applies.

Carriers largely engaged in transporting export flour have for many years made the same rate on wheat & flour, & such long continued practice is evidence against any difference in rate on those commodities; but the presumption is not irrebuttable, for if it were the carriers could never change their tariffs or classifications.

The profit to U.S. millers in manufacturing flour for export is from 1 to 3c. per 100 lbs., but the freight rates on wheat & flour for export show a difference in favor of the English miller of from 4 to 11c. per 100 lbs., & other things being equal, such discrimination is clearly prohibitive upon the U.S. manufacturer. The published railroad rates on both wheat & flour for export have been the same up to a recent period, & the carriers have exacted such rates, except where lower rates on wheat were induced by competition. Water competition on the Great Lakes limits rail rates to the various ports on both wheat & flour during the navigation season, & to a degree before the opening & after the close of navigation, & the published & actual water rates on wheat have been from 2 to 4c. lower than those on flour. To a limited extent the cost of service may be greater in the transportation of export flour than in that of export wheat. The export rate on flour includes delivery on board ship, while the rate on wheat ordinarily does not, & at New York an additional charge of about $1\frac{1}{2}$ c. a bus. for loading wheat is made. Exportation of flour has steadily increased, but for the last 6 years the increase has not been marked, & a decrease is shown by comparing exports in 1894 & 1898.

Held, That public policy & good railway policy alike seem to require the same rate on export wheat & export flour, but that the duties of the Commission are confined to administering the Act to Regulate Commerce, & in view of all the conditions shown in the investigation, a somewhat higher rate on export flour than on export wheat is not in violation of that statute. That the published difference in rates is too wide, & that the rate on flour for export should not exceed that upon export wheat by more than 2c. per 100 lbs. That the relation of rates on domestic shipments of flour & wheat is not involved in this decision, as the export & domestic freights are handled under different conditions.