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TORONTO, CANADA, SEPTEMBER, 1898.

C.P.R. DIFFERENTIALS.

Decision of Interstate Commerce Commission.

Following is the full text of the report & opinion of the Commission in the matter of the alleged disturbance in passenger rates by the C.P.R. Co. heard at Chicago, Aug. 1, decided Aug. 31, the report & opinion being prepared by Commissioner Prouty:

Previous to Feb. 19, 1898, the published passenger rates via C.P.R. from Boston to Seattle & points upon the Pacific Coast taking the Seattle rate, & from St. Paul to the same points, had been: From Boston, 1st class, \$71.75, 2nd class, \$62.40; from St. Paul, 1st class, \$60, 2nd class, \$40. By tariffs effective Feb. 19 & 21, these rates were reduced as follows: From Boston, 1st class, \$40, 2nd class, \$30; from St. Paul, 1st class, \$25, 2nd class, \$20. The Boston rate was made applicable to all New England, the State of New York, & to certain portions of the States of Pennsylvania & New Jersey.

Upon the filing of this tariff various American lines interested in trans-continental business applied to this Commission for leave to meet the above rates of the C.P., & any other rates of the same kind, under the proviso of the 4th sec., & upon hearing such relief was granted. That proceeding is entitled, In the matter of the application of the Atchison, Topeka & Santa Fe Ry., et al., for a suspension of the 4th sec., 7 I.C.C. Rep. 593, & the report & opinion in that proceeding may be referred to for a statement of the situation in view of which, & the grounds upon which, that relief was granted.

Upon the issuance of the order in that case the American lines put in force tariffs which met the above rates of the C.P., & thereupon the latter Co., by a tariff effective Mar. 10, 1898, made a further reduction, so that the rates of that Company to Seattle & other points taking the same rate were: From Boston, \$35 1st class, \$25 2nd class; from St. Paul, \$20 1st class, \$10 2nd class. The Boston rate was made applicable to the territory previously described. The Seattle rate applied to all Pacific Coast points north of Portland. The Portland rate was \$5 higher on both 1st & 2nd class, & this rate was subsequently extended to San Francisco. At the same time large reductions were made in the rates between Eastern territory & St. Paul, & the same rates were established between the West & the East. These rates have continued in effect ever since, & are still in force.

The order of the Commission in the proceeding above referred to was made Feb. 24, 1898, & was to expire of its own limitation June 30 following. The petitioners at the hearing had represented, & without doubt had expected, that the difficulties which led to the reduction made by the C.P. would be adjusted, & the rates restored to a normal condition before the time limited for the expiration of the order. Such did not, however, prove to be the case, & on June 22, 1898, the same petitioners moved for an extension of that order. In pursuance of this application the Commis-

sion on that date granted a further suspension of the 4th sec. upon the terms of the original order until Jan. 1, 1899, unless sooner revoked.

At or about the time of the making of this last application, the passenger agents of the American lines interested requested a conference with the Commission in reference to this rate situation, & such a conference was had at Washington July 12 & 13. The committee which then appeared in behalf of the western roads stated that they represented more than 70,000 miles of American railway; that the present rate difficulties had already involved passenger rates over a considerable portion of the U.S., & that further, most serious disturbances must ensue unless some adjustment was agreed upon; that incalculable damage had already resulted to the revenues of the American lines, & that much greater damage was likely to result in addition to the many deplorable consequences which are involved in a long-continued contest of this kind. They stated that in this matter the C.P.R. was an unwarranted aggressor, & stood as a disturber of rates & rate conditions; & they insisted that it was the duty of the Commission to find some means, if possible, to compel that foreign corporation to desist from its unjustifiable attack upon American railroads. Among other things, it was suggested that we put in force that portion of the 6th sec. of the Act to Regulate Commerce, which refers to foreign carriers, & that we make such representations to Congress as might result in legislation to prevent in the future a repetition of similar conditions.

The C.P.R. Co. was also informally heard by us in this connection, & that Company earnestly insisted that the American lines had by their own unlawful conduct forced upon it its present course; & further alleged that in many instances the American lines had exceeded both in spirit & in fact the relief granted by the suspension of the 4th sec., in that they had not only met the rates made by the C.P., but had established lower rates than those of that Co.

It did not seem suitable to take any action in the premises without further investigation of the facts, & it was deemed best, for the purpose of obtaining authentic information in reference to the existing rate disturbances, to institute an inquiry into this whole subject. Such an investigation was accordingly ordered, & set for hearing at Chicago Aug. 1, 1898, & upon that day, & succeeding days, was had. The American lines were very generally represented by their passenger agents. Their case was presented by a committee selected for that purpose, for whom P. S. Eustis acted as spokesman. The C.P.R. Co. was represented by its Passenger Traffic Manager, D. McNicoll, & by its Attorney, A. C. Raymond. The parties were fully heard, the testimony being taken under oath. While many details were undoubtedly omitted, it seems probable that the general situation was fairly well developed. The record is voluminous, covering nearly 1,000 pages, but the essential facts can be briefly stated, & are these:

In 1886 the C.P.R. was completed from Montreal to Vancouver & opened as a trans-continental route. At that time the St. P., M. & M. R. extended from St. Paul to the International Boundary, where it connected with the C.P. for Winnipeg. In connection with this line the C.P. therefore had 2 routes between the East & the Pacific Coast, one by its main line, which runs along the northern shore of Lake Superior to Winnipeg, & the other by its American connection from St. Paul to Winnipeg, & so on to Vancouver. Traffic over the 1st line is said to pass through the Port Arthur gateway, that by the 2nd line through the St. Paul gateway. Through its Port Arthur gateway the C.P. competes for Pacific Coast traffic from the Provinces of

Quebec & Ontario in Canada, & from New England & New York in the U.S., while through the St. Paul gateway it is a competitor for the traffic from the middle west. The N.P. & the G. N. Rys. handle traffic both from the east & middle west through the St. Paul gateway.

It does not appear what rate was at first made by the C.P. through its Port Arthur gateway. It does appear from the testimony that the C.P. at first adopted from St. Paul via Winnipeg the rates then in force upon the American trans-continental lines. Within 30 days, however, from the opening of this route a rate was made \$10 below that established by such other through lines upon both 1st & 2nd class business. The American lines strenuously objected to this action upon the part of the C.P. & its connection; & the St. P., M. & M. road in consequence was expelled from the passenger association of which it had previously been a member. Nevertheless, the C.P. in connection with this line continued to make, against the protest of the American lines, a lower rate by about the amount above indicated, claiming that its line could obtain no part of the Pacific Coast business upon equal rates with the American lines.

The first Trans-Continental Association was formed in 1888. Although the evidence is not very clear, it seems probable that the C.P. was from the first a member of that Association. Mr. Eustis, who was at that time the General Passenger Agent of the C.B. & Q.R., & who in that capacity participated in the discussions which led to the formation of that Association, was of the opinion that the C.P. only came into it upon condition that it should be allowed the differential which it then had upon Pacific coast business. The parties who represented the C.P. in those negotiations were not before us, but we are inclined to think that the recollection of Mr. Eustis is substantially correct. The C.P. was insisting that it was entitled to this differential; it had apparently for 2 years actually enjoyed it; it may be doubted whether it could have obtained by that route & at that time any considerable part of the business without it; & it is hardly probable that it would consent to become a member of an association with power to fix its rates, every other member of which would be opposed to a differential, unless it was understood, either expressly or tacitly, that it should continue to enjoy one. This was, however, against the earnest protest of the American lines, which have always insisted that the differential was unjust, & have only consented to it as a matter of expediency.

The Trans-Continental Association seems to have continued in existence until 1892, when for some unexplained reason it was dissolved. In 1893 the G.N.R. was opened for business between St. Paul & Seattle, & became thereby a trans-continental line. Up to this time the C.P. seems to have enjoyed a differential of \$10 1st class, & \$5 2nd class upon business through both its Port Arthur & St. Paul gateways. The St. P.M. & M.R. had become a part of the G.N. System, & when that road became a trans-continental line upon its own account the C.P. of course lost that connection from St. Paul to Winnipeg. At present the Minneapolis, St. Paul & Sault Ste. Marie road, extending from St. Paul to the International Boundary at Portal, N.D., where it connects with a branch of the C.P. running from the main line at Moose Jaw, & which is controlled by the C.P., gives that Co. a line from St. Paul; but this road does not seem to have been completed when the G.N. was first opened for Pacific coast business.

One of the first acts of the G.N. was a reduction in trans-continental rates. Mr. Whitney, who was then & still is the General Passenger Agent of that Co., testified that the purpose of that reduction was to equalize cer-