

Interstate Commerce Law as well as any of the lines in the U. S. President Knapp replied that the C. P. R. could not be regarded as formally on trial.

THE U. S. CASE.

The whole of the day was occupied by P. S. Eustis, General Passenger Agent of the Chicago, Burlington & Quincy Ry., who presented the case of the U. S. lines. He reviewed the history of C. P. R. influence upon U. S. business, from the opening of the transcontinental line in 1886 to the present. He asserted that at no time since the C. P. R. entered the field as a competitor for transcontinental business had it been disposed to treat fairly with U. S. lines, & it had secured what concessions had been granted it by mere force & threats of retaliation if what it asked was not granted. Early in its career the C. P. R. began cutting rates and continued that policy for two years, when the Transcontinental Passenger Association agreed to allow it a differential on the traffic to the Pacific coast, simply because the U. S. lines could by no other method prevent a demoralization of rates by the C. P. R. He claimed that this agreement became void when the U. S. Court ruled a few months ago that all such compacts were contrary to the anti-trust law. The Transcontinental Passenger Association died in 1895, and the U. S. lines claim that with it ended all its agreements, including that of a differential to the C. P. R. Since that time no U. S. railway or association of railways has agreed to allow the C. P. R. a differential rate. When it was originally granted a differential the rate did not apply to any business, but to lower Pacific coast points. When the Klondike gold discoveries started travel in that direction the C. P. R. demanded a differential rate to North Pacific coast points & Alaska. At first the U. S. lines only reduced their rates to those of the C. P. R. on Alaskan travel. Further rate cutting by the C. P. R., ostensibly to maintain its differentials, induced the U. S. roads to reduce theirs to meet reductions to all points. Authority to do so was granted the U. S. lines by the Interstate Commerce Commission last February, & extended on July 12 last.

In reply to Mr. Raymond, Mr. Eustis said he did not claim that the U. S. railways had always acted harmoniously, & admitted they had engaged in rate wars in which the C. P. R. had no interest. He said in effect that the U. S. railways were tired of being practically forced to subsidize the C. P. R., a foreign institution, in order to get a partial share of their rights.

Against the protest of the C. P. R. representatives, Mr. Eustis was permitted to put in as evidence a letter written by Sir Wm. Van Horne to the press, in March last, in connection with the application for a charter for the Kettle River Valley railway, in which he argued against the proposed line, on the ground that it would divert Canadian trade into U. S. channels.

TRANSCONTINENTAL ROADS HEARD FROM.

At the second day's session General Passenger Agent Whitney, of the Great Northern (U. S.), gave evidence. He declared, among other things that, figuratively speaking, the C. P. R. always went to conferences on rate matters with a shotgun & persisted in holding up the U. S. roads under threat of annihilation if they did not accede to its demands. It was in pursuance of such a plan, Mr. Whitney stated, that the C. P. R. first secured a differential from the U. S. lines, which had been compelled to grant it as the price of maintenance of rates. Asked regarding the extent to which U. S. roads had suffered on account of the rate war precipitated by the C. P. R., the witness stated that it was incalculable, mounting up into millions of dollars. The rate war, which began last December, had cost the Great Northern from

\$500,000 to \$750,000, assuming that they could have obtained regular tariff rates for the business which they carried at the cut rates forced on them. He gave a history of the relations between his road & the C. P. R. prior to the completion of the G. N. to the Pacific Coast. Then the C. P. R. controlled the transcontinental business over the two roads & dictated the policy to be pursued. The C. P. R. then made up four-fifths of the route & therefore had by far the larger interest in the business. He produced telegrams to show that the C. P. R., at the outset of the trouble, had declined to discuss the question of differentials. In explaining why his line refused to arbitrate, he said that experience had shown that the result of arbitration was always a compromise, which satisfied none of the interested parties.

As a final statement Mr. Whitney said: "The C. P. R. asks us to put a perpetual mortgage on American roads; to give to it a perpetual subsidy by granting to it a differential, because it would argue forever after that it was given by agreement."

GENERAL PASSENGER AGENT FEE, of the Northern Pacific, followed, practically reiterating all the charges previously made against the C. P. R. He produced statistics which he claimed showed that after the C. P. R. had forced the U. S. lines to give it a differential, its traffic from & to points in the U. S. increased to a wonderful degree.

T. H. GOODMAN, General Passenger Agent of the Pacific Division of the Southern Pacific, claimed that his line had been obliged to reduce passenger rates eastbound from San Francisco on account of unwarranted C. P. R. competition. He stated that some years ago, on account of the conduct of the C. P. R., his line suspended all traffic arrangements with it.

THE C. P. R. SIDE OF THE CASE.

Passenger Traffic Manager McNicoll followed, his evidence occupying the balance of the day, as well as considerable of the next. After declaring that the C. P. R. was as close an observer of the Interstate Commerce Law as any of the U. S. roads, he began his statement from the time the Klondike business first appeared & told how, finding his road was getting little business to Alaska, he made an investigation, which showed conclusively that the Great Northern & Northern Pacific roads were cutting rates to Alaska, not only from points within the U. S., but also from Canada & Europe. These rates, he said, were \$20 below these lines' published tariffs & \$15 below the C. P. R. tariff. The cut was not made by the payment of an excessive commission to ticket agents, but openly across the counters of these roads' ticket offices. He presented a batch of evidence of this secret rate-cutting by U. S. lines, & declared he could produce many times as much if it were necessary. An agreement which prevailed prior to 1897 had been deliberately violated by U. S. roads. The C. P. R. had two courses open, either to ignore the Interstate Commerce Act & meet these rates illegally, or do so openly by published tariffs. Knowing that it was useless to ask assistance from the eastern roads, the C. P. R. published its tariffs & took the fight upon its own shoulders. Mr. McNicoll proceeded to argue that the eastern lines had stubbornly kept out of the present fight, with one or two exceptions, & that at a conference at Montreal a committee of the trunk lines had suggested that the matter in dispute between the C. P. R. & the western lines should be arbitrated. This Mr. McNicoll said his road had been perfectly willing to do, but the western roads had persistently refused to acknowledge that there was anything to arbitrate. He said the Great Northern & Grand Trunk had been permitted to dominate the conferences held in New York & Chicago, & that but for their obstructive attitude the fight might have been ended. He further

charged that the U. S. lines did not really desire to settle, having an ulterior motive in allowing the present demoralization to continue. Mr. McNicoll said he was still willing to arbitrate the question of differentials at any time, & that General Passenger Agent Eustis, of the Burlington, had admitted to him that the refusal of the U. S. lines to arbitrate was based on their belief that the Canadian road would surely get some differential.

Dealing with the statements that the C. P. R. had been taking an immense amount of revenue from U. S. lines, Mr. McNicoll said that out of \$20,000,000 gross earnings of his road for 1897 the revenue derived from business originating at or destined to points in the U. S. was about \$1,300,000. These figures referred to the C. P. R. system proper, and not to the "Soo" line, which Mr. McNicoll claimed was a U. S. road, a statement from which the U. S. roads represented at the meeting strongly dissented. Against this revenue of \$1,300,000 Mr. McNicoll said that his road spent more than \$3,500,000 in the U. S. last year for supplies, & added that he would willingly trade his business from the U. S. for the business which the U. S. lines derived from the C. P. R. Asked as to the business his road had carried to the Pacific coast since the rate war began, Mr. McNicoll said he was satisfied with it & believed the road had received its share. Mr. Eustis thereupon tried to make him admit that since these rates were the same on both the U. S. & Canadian roads there could be no good reason why the C. P. R. should have any differentials on this business. Mr. McNicoll declined to admit anything of the kind, saying his line was selling tickets at first rates, whereas the U. S. roads were using the rebate plan, which gave the Canadian road an advantage. He also said the superior steamship facilities enjoyed by the C. P. R. drew a good deal of business. Throughout his examination he strenuously denied that the question of differentials had anything at all to do with the present rate war, which was caused solely by the quarrels among the U. S. lines. He charged these roads with attempting to rob the present investigation of its business features in order to introduce sentimental matters dealing with the question of international privileges.

Mr. McNicoll having stated that B. D. Caldwell, Chairman of the Western Passenger Association, had changed the official record of the proceedings of the Association's Immigrant Bureau in New York, so as to make it appear that all transcontinental lines, including the C. P. R., had agreed to ask no differentials on immigrant traffic, Mr. Caldwell was sworn at his own request & declared that the charge was absolutely false.

"I never agreed to such a proposition as you incorporated in the record of the proceedings," said Mr. McNicoll. "No such proposition was offered in my presence & I never even heard of it."

"It was made in your presence," replied Mr. Caldwell; "I can even tell you just where you sat in the room at the time, & I can prove by a host of witnesses that you were there, & made no objection to the proposition."

"That," says the Chicago Inter-Ocean, "closed the incident. At the same time ended a strong personal friendship which has existed for many years between Mr. Caldwell & Mr. McNicoll."

WHAT THE U. S. LINES REALLY WANT.

W. P. Clough, Vice-President of the Great Northern (U. S.), presented the political & economic side of the case for the U. S. lines. He insisted that the position which the U. S. Government suffers the C. P. R. to occupy, with regard to the domestic carrying trade of the U. S., is altogether exceptional, illogical & unjust to the U. S. people. From its very birth the Union Congress followed the settled policy of Great Britain by declaring that no foreign vessel should ever trade between one