

mentations:—From northern Manitoba and Saskatchewan spruce districts, 15%, subject to a maximum of 3c per 100 lb. to destinations in Saskatchewan, also in Manitoba east to Winnipeg, and 4c to those in Alberta and east of Winnipeg to Port Arthur. From the Lake of the Woods and Rainy River districts 15%, subject to a maximum of 3c per 100 lb., to destinations in Manitoba, and 4c to those in Saskatchewan and Alberta. From Port Arthur 15%, subject to a maximum of 3c to Manitoba, 4c to Saskatchewan, and 5c to Alberta. Between points in Eastern Canada 15% flat. As the highest local eastern rate appears to be 20c, this would make the maximum advance 3c.

"I would adopt Mr. Hardwell's report. Under it the rate differences from the different competing mills would be maintained as they now are. In so far as the bulk of the movement is concerned, Mr. Hardwell's recommendations will result in the 15% increase; in other instances the increase will not amount to 15%; and, in other cases, the percentage will be slightly in excess of 15%. The adoption of Mr. Hardwell's recommendations will put the lumber rate upon a more scientific basis than it has been in the past. The rate situation which Mr. Hardwell's report preserves is the outcome of an agreement between the associated western mills and the railways. Under this arrangement, the rates from the coast mills east to Winnipeg and Port Arthur, are made the basic rates. The rates from the interior mountain mills and from the mills as far east as Calgary and Blairmore are all based on this standard rate and scale, not strictly having regard to mileage, but scaled according to the agreement between the trade and the railways. These mills enter into more or less competition with mills in the northern spruce belt (northern Manitoba and northern Saskatchewan); also with mills in the Lake of the Woods district on the Canadian Pacific, and in the Rainy River district on the Canadian Northern; and to some extent with the mills at Port Arthur. The situation is highly competitive having regard to the lumber business. Mr. Hardwell's report is in my opinion, the best solution available.

"On through movements of these lumber commodities from western shipping points to destinations east of Port Arthur, under Mr. Hardwell's report, the increase permitted is a proper and logical result having regard to the dispositions made of other through movements, and in view of the increases already made in the all rail and lake and rail rates. While increases have not been made in the U. S. transcontinental rates, I would, nevertheless, permit an increase in the transcontinental class rates, as they do not reflect competition to the extent the commodity rates do. The rates, however, are built up on the all rail movement, but in view of the U. S. scale and for the reasons already given I think the increase ought to be reduced to 10%. Transcontinental commodity rates, however, are directly competitive. If unduly increased over the U. S. transcontinental rates, the results well might be that Canadian produce would not move at all in cases where U. S. produce was available, or in some other instances, if it did move, it would move over U. S. lines. I would not at the present advance the transcontinental commodity rates unless these rates are advanced in conformity with advances made by the American lines.

"Generally speaking, the rail freight rates in British Columbia are on a considerably higher basis than in the prairie

territory. In the western rates case, the board found that a higher level of charges was justified by the greater cost of conducting transportation. An advance of 15% would, however, materially increase the spread between the mountain and the prairie tariffs, and having regard to all the circumstances, I am of the opinion that in the Pacific territory an increase of only 10% should be allowed, but, of course, no rates to be lower than the prairie rates as increased. This percentage difference will not apply to the rates between the ports of call on the British Columbia lakes, as being now on the prairie basis must take the prairie increase of 15%.

"Railway tolls covering services incidental to transportation stand on a different footing to those charged for the line movement. The application for a general advance and authority permitting a general advance in freight rates not exceeding 15% would, however, include them unless specifically excepted. Some of these charges, for example, tariffs for and the prairie tariffs, and having recently considered by the board. Other such services in their nature represent entirely a terminal activity and have particular importance at different local points. Strong objection has been taken by boards of trade, particularly those at larger points, to any increase being made on this application and on the general grounds on which it is supported to any increase in these tolls. In my opinion the objections are well taken, and I would refuse on the present record any increase of tolls and tariffs applicable to switching, whether local or inter-switching, weighing, demurrage, refrigeration, heated car service, car diversions, reconsignments, storage, wharfage, sleeping or parlor car accommodation, or other special services.

"The application for an increase covers passenger rates as well as freight rates. I am of opinion that the present maximum rate of 4c in British Columbia is so high that it ought not to be advanced. On the other hand, I would grant the advance in rates in other territory where the present maximum rate is 3c as against the 4c rate in British Columbia. In so far as passenger rates are concerned, it is entirely in the public interest at present that passenger travel should be as light as possible. The usual considerations applying to passenger traffic are today reversed. Public interest today calls for a reduction wherever possible in passenger service, to the end that the country's resources of coal, railway facilities and supplies, as well as man power, should be conserved as much as possible for all essential freight movement. The same considerations do not, of course, apply to the necessary freight movement. On the other hand, it must be realized that the board cannot make rates, having in mind an improved and more economic location and system of railways. The board's duty as I see it, and as I have already pointed out, is to control and adjust rates, having regard to the systems of railways that Parliament has authorized. The Board must take the railway ownership just as it finds it.

"No greater profits will be obtained by the railways under the new rate schedule than in the past. The increased rates allowed will certainly not equal the increase in costs to which the railways are subject. These increased costs are not in any way attributable to the railway managements. They are very largely represented in wage increases, which have had the approval of the public at large. Pub-

lic bodies and public sympathy have been with the men in the increases which they have obtained. No objection whatever has been made by any contestant on the ground that the railways have improvidently increased wages. The other items of cost increases are chiefly the result of today's prices of coal, steel material, and railway supplies. The railways suffer in this regard in common with other users of these necessities. The increased cost can certainly not be said to be the railways' fault. It must be realized that these increased costs can only be met by increase in tariffs. The railways' revenues are derived from transportation.

The increases granted do not work out at the same percentage in both eastern and western territory. While it may be that the increases granted in western territory may not prove sufficient to meet the increasing demands on the companies' exchequers, they are as great as the board can authorize on the present application, in view of the Crownsnest case, with the exception of the increases on coal rates. In the west, the application in one instance called for a 15% increase in coal rates. As the coal haul in western territory is long, a 15% rate increase would, on the whole, have netted more than 15c a ton—much more on some of the long hauls. The haul on coal in the east is certainly short, having regard to the volume moved; and the flat increase of 15c a ton the railways asked in eastern territory produces more revenue than a percentage increase of 15% would. In adopting the flat increase of 15c per ton on coal, I am of opinion that substantial justice is being done.

"While it is true that in so far as western territory is concerned, on the great bulk of traffic, rates would only increase approximately 10% and eastern rates are, speaking generally, raised 15%, it must be borne in mind that, while the rates in the two different sections of the country are much nearer equality since the deductions worked under the western rates case and the increases given under the eastern rates case took effect, again speaking generally, rates in the west are still higher. As a result, subject to the limitations worked by the Crownsnest agreement as extended by this judgment and to the specific directions herein contained the companies are permitted to raise their general rates 15% and make the specific advances herein allowed."

A good story on E. W. Beatty.—In addressing the Canadian Railway Club in Montreal a short time ago, in connection with the Victory Loan, E. W. Beatty, Vice President and General Counsel, C. P. R., told the following story on himself. "A friend of mine, who represented interests of considerable importance, was required to go to Washington and confer with a high financial authority on a certain matter, and he did not know just how to proceed. His company was involved in combinations which he feared might offend the Sherman anti trust law, and he said to this friend of his, 'I must be very careful and not do anything that will violate the laws of the United States, so I wish you would give me the name of a good lawyer, and I will consult him as to just how far I can go in bringing about these commercial arrangements.' His friend thought for a moment and then said: 'If I were you, I would not consult with a lawyer at all, I would just go to Montreal and talk it over with Beatty, of the C.P.R.'"