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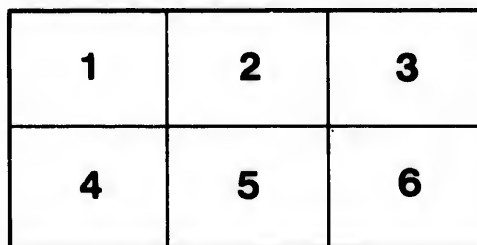
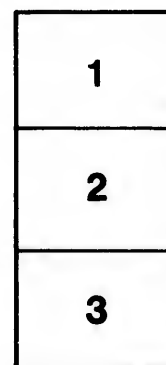
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THE POST OFFICE AND THE RAILWAY

THE POST OFFICE AND THE RAILWAY

THE POST OFFICE

AND THE RAILWAY

RAILWAY.

From the British American Magazine.

THE POST OFFICE AND THE RAILWAY

THE POST OFFICE AND THE RAILWAY.

THE right of domain over its public highways, is one which has been asserted and exercised by every country, whether its roads have been constructed by private and corporate enterprise, or by the State. Upon the turnpikes and canals of England, the mail-coach and the mail-packet pay no toll to the proprietors, though passengers as well as mails are carried; and, in many instances, this exemption of the whole vehicle secures the free conveyance of the mails. Whether such exemption be regarded as the consideration paid for a monopoly, as the purchase money of the franchise, or as a royalty or suzerainty due by the corporation to the rights of the public, as represented by the Crown—so clearly is it in accordance with the common law of England, that when it first became necessary to legislate for the conveyance of mails by railway, in 1838, the committee of the House of Commons recommended that power should be given to the Post Office to run their own engines over the railways, with a limited passenger train, without payment of toll. Upon turnpikes and canals, the carrying business was in the hands of the public, and regulated by wholesome competition; and it was expected that the same principle could be applied to railways. The early enactments, therefore, provided for the admission of the public as carriers upon them, subject to specific regulations. The Post Office also claimed its special train, and the right to carry a limited number of passengers with the mails, free of toll, as on the coaches and packets. When, however, it was seen that the railway was a machine which must be worked as a whole, the Post Office consented to treat with the companies as carriers only—but not as proprietors—to pay the cost of transport of the mails, with a fair profit thereon; but resisted anything like toll for the use of the new highway. The Post Office contended that the monopoly which the railways had acquired, had not been obtained with the consent of the legislature, but in spite of it—by the unforeseen practical working of the system. But another and more serious question arose. The companies must regulate their passenger trains at hours to suit the traffic of each line: the Post Office wished to start the mails at hours to suit the whole public of the Kingdom—as well as the localities. Moreover, the Post

Office wanted the power to change these hours at will, according to the seasons, the opening and extension of new routes, &c. ; and to regulate the speed and stoppages on all the routes. These postal luxuries raised the question of interference with the general traffic of the railway. They involved the question of running night trains when and where no passengers wanted to go ; and of keeping open, all night, railways which, but for the mail trains, would be closed all night. Moreover, an alteration of an hour or two in the starting of a passenger train, to accommodate the mails, might derange the traffic of the whole line to a serious extent.

In 1838, before any legislation was had, and when the idea of determining the payment by arbitration was first suggested, an experimental one was entered into with the London and Birmingham Company, represented by Robert Stephenson. Col. Harness, R.E., A.D.C. to the Queen, acted on behalf of the Post Office. Col. (then Major) Harness proposed to apply the principle upon which the Post Office was paying for their mails on the roads, to give a fair commercial profit to the Company as carriers ; but not to pay for the use of the road further than it was clear that the Post Office put the Company to actual expense. Stephenson assented to this principle, and an award was mutually agreed upon, of 7½d. per mile run, for the use of a whole carriage. The Railway Mails Act was thereupon introduced—but Sir James Graham representing the railways, proposed (for the purpose of doing away with the principle admitted by Stephenson) a clause, directing the arbitrators to include the value of the railway, in making their decision. Mr. Labouchere, who had charge of the Post Office Bill, threatened that if this were insisted upon, he would move a clause proposing the contrary principle. The consequence was, the Bill does not determine the principle on which the Post Office payments are to be calculated.

This Act, which the preamble states, is to provide for the conveyance of mails by railways "at a reasonable rate of charge to the public," gives the Postmaster-General absolute control over every railway in the Kingdom, with power to regulate the hour of starting, the speed and stoppages of every train carrying a mail-bag, and to demand a special train at will. Twenty-eight days' written notice must first be served on the Company, specifying the kind of accommodation needed ; and the same for every change required ; and the value of such service, on each occasion, if not agreed upon, is left to arbitrators, one chosen by each party ; and in case of disagreement between these, the whole question of compensation is left to an umpire chosen by them. Under this system there is no majority agreement of a court of arbitration ; but the umpire is the jury, and the two arbitrators the advocates of their respective views—the decision in most cases bearing no relation to the figures of

either of them. Another peculiarity is, that whereas the two arbitrators are selected for their special knowledge of the subject, the umpire, in most cases, is selected solely for his supposed impartiality, and is, on that account, disconnected with and ignorant of the subjects on which he gives judgment. The working of this arbitration system is shewn by the evidence taken by a committee of the House in 1854. Major Harness said "the whole effort of the railway arbitrator, with very few exceptions, was to get the highest possible price he could: and to do this, he claimed for every train which carried a mail—no matter how profitable its passenger traffic might be—the whole cost of the train, at the average of all their trains, light and heavy, with a profit thereon, the same as if it had been run exclusively for the Post Office. His experience was, that the umpire should not be named by the arbitrators: and his successor (as Post Office arbitrator), Major Williams, endorsed this opinion. In one case, the Post Office arbitrator valued the service at 1s. 8d. per mile; the railway nominee claimed 12s. 10d.: the umpire awarded 3s. In another instance, 2s. 3d. was the Post Office estimate; 9s. that of the railway; and 3s. 6d. the award of the umpire. Rowland Hill shewed that the Post Office had been offered exclusive trains at 2s. 6d. per mile; that the cost on one line had been increased by an award from £9,115 per annum to £27,659, although there were the same number of ordinary trains running as before. He had been a railway manager, and knew the price the company were getting (3s. per mile) was double the total cost of the train, passengers and all. He was a shareholder in that company, and knew the cost of locomotion had only been 6d. per mile; and allowing 1s. for other expenses, there was still a margin. On that train, he said, the company were making 200 per cent. profit from the Post Office alone, besides all the earnings from passengers and parcels. On the South Devon Railway, he had had two awards following each other quickly for the same service—one at 2s., the other at 3s. 6d. per mile. In cases where the service would only justify a certain moderate payment, and nothing beyond, he was deterred from putting a railway under notice. He was three years negotiating with the Edinburgh and Hawick Company; and after getting the service performed by a mail-cart, at half the rate demanded by the railway, the latter accepted a double service for one-third less than the rate they asked for a single one. He said the Post Office would be glad to be put upon a par with the public, and pay the same rates as paid by the latter for the same service; for, as a rule, the Post Office paid for its bags higher than parcel rates, while he knew that persons sending newspapers *daily*, on the London and North-Western Railway, paid only half the usual parcel rates. The high rates paid to railway companies, he found to stand in the way of public accommodation, as the cost of the conveyance of the mails by railway was far greater than by other means."

The difficulty was, that the Act of 1838 drew no distinction between a single bag or supplementary mail sent by a regular train, and the night mail from London with its tons of newspapers, its sorting carriage, &c. Both were to be valued by arbitration: and thus a mail which did not yield 6d. per mile, would open the door for the railways to urge upon the bewildered umpire their peculiar figures for the cost of each train, and the return required to pay a fair interest on the investment. Not daring to risk an arbitration by putting a train under notice, and yet unwilling to deprive the public of the accommodation, the Postmaster-General at last despatched one of his guards as a 2nd class passenger, with mail bags as his luggage, tendering the extra baggage rate for over weight. Horrified at the prospect, the railways resisted, but were beaten by the common law decision; and to set the matter at rest, an Act passed in 1847 compelled them to receive and deliver bags as parcels. A great point was thus gained, and Liverpool and Manchester received, under that decision, an accommodation mail by an ordinary train, at £700 a year—for which the railways had previously demanded £6000 a year! The Post Office—wishing, however, to send the bags in charge of their own messengers—found that though the guard could travel as a passenger, he could not throw out his bags and take in others at intermediate stations—for the railways refused to let the Post Office messengers on their platforms for this purpose, until a Committee of the House of Commons, in 1854, reported in favor of compelling them to do so.

Rowland Hill told the committee, as his opinion after sixteen years' experience of arbitration, that "the Legislature should fix the rate of payment—even at some risk of fixing a rate which might be found occasionally excessive or inconvenient." To prove that the awards were unwarrantable, he shewed that where there was competition the day mail had been voluntarily taken on one line at 4d., and on another at 2d. per mile—by their ordinary trains. He admitted that when the Post Office prescribed hours and speed they should pay for the restriction; and in cases where a night train had been demanded, a night police had to be brought on, and other expenses incurred, which would not otherwise be required on some lines, particularly in Ireland.

The Postmaster-General, Viscount Canning, informed the committee that "the system of arbitration had not worked satisfactorily to the Government, the Post Office, or the public—mainly as to the uncertainty which it throws on every suggested improvement in which railways are concerned." He would prefer a fixed rate if possible. In cases where the circumstances were almost similar, the awards were far from being so; and where they varied, the decision of the umpire was out of all proportion to the circumstances. Allowance should be made for the constancy of the service; and he instanced season ticket-holders as pay-

ing but a fraction of the regular fares. The umpire should not be a juryman : he may feel a deficiency in the evidence without knowing what to call for to supply it ; or matters may be left out, in the evidence placed before him, which ought to be taken into consideration—and he may be unable to hit the blot, and call for the wanting evidence. Finally, he said, “ my objections are solely to the principle of arbitration, as carrying with it a great semblance of fairness and of satisfactory arrangement, and not proving to be so in fact.”

On the part of the Railways, five general managers appeared before the Committee, all of whom agreed that “ arbitration was the right principle for settling the sum ” to be paid by the Post Office, and they were unanimous in their opposition to fixed rates and permanent umpires. They charged the Postmaster-General with altering the service merely to obtain a new reference, in the hope of getting the amount reduced by a new umpire—a charge which was not only repudiated but conclusively disproved by Rowland Hill. Then they complained of the delays during the struggle with respect to the nomination of the umpire ; sometimes years elapsed before they agreed, during all which time they were compelled to perform the service, and got no pay, thus losing interest ; for the Post Office never paid “ on account : ” if it had done so, Rowland Hill remarked, awards, instead of four would be forty years in hand. The General Manager of the Great Western said he had known twelve or fourteen meetings and forty or fifty names proposed, without the arbitrators being able to agree upon an umpire : he proposed to compel them to agree within a reasonable time.

The General Manager of the London and North-Western stated that there were on his line ninety-nine mail trains daily, only twenty-two of which were “ under notice,” and therefore subject to arbitration. These trains gave an annual mileage of 494,575 miles, while the seventy-seven carrying bags at a few pence per mile had an annual mileage of 958,106. By this means the average was reduced to eight pence per mile ; the seventy-seven trains—having double the mileage of the twenty-two under notice,—cost less than one-fifth of the latter.

But the great complaint of the Railways was that the Post Office had robbed them of their parcel traffic. Rowland Hill, who was responsible for the penny post, shewed that it was established in 1839, when very few railways were in existence ; that the parcels sent by post consisted mainly of small articles at a penny or two pence each, which would not otherwise be sent at all ; that as the railways did not, like the Post Office, reach every town and hamlet, the latter, as the more perfect distributing machine, would always take the single parcels ; that the railways had no monopoly of the parcel traffic ; and lastly, that the awards had been so influenced by this consideration, that the Companies were getting from

the Post Office far more for the carriage of the parcels, in the mails, than they would have received from the public. He also proved that the railway parcel traffic had diminished by a decision of the courts, and not by the competition of the Post Office. As the parcel system became developed, carriers collected parcels for the different towns in which they had agencies, and packed them in one, sending them at single rates; but the Companies tore them open and charged their rate on each. Brought into Court they contended they had a right to charge by value, and this could only be ascertained by examination, but the law said they could only take the weights, and not the contents of parcels into consideration, and so the packing went on.

The General Manager of the London and North-Western, Mark Huish, vigorously defended the award complained of by Rowland Hill (the case where the amount was increased from £9,115 to £27,659), and declared that "if it had any fault at all, it was much less than should have been given under the circumstances." As his reasons embrace the whole case of the railways, we give his summing up before the umpire. "Seeing that by the deliberate decisions of Parliament, the Post Office is not entitled to any privilege whatever over private individuals, so far as pecuniary considerations are concerned; that the duty is now performed at greatly increased speed; that the original payment was totally inadequate; that all recent awards between the Post Office and the Railway Companies have given a large increase; that the Post Office has entered in a vigorous competition with the railways for the carriage of small parcels, by means of the very low rates which they have been able to obtain, and lastly, that the working expenses of the company were vastly increased by the rise in wages and materials of every description, I can have little doubt that the sum I have named,—viz., 4s. 6d. per mile—may be justified on every principle of fairness and equity. The Marquis of Blandford," he added, "gave me 2s. 6d. per mile." Captain Huish apologized for an award of 5s. per mile made to an Irish railway, which though the highest paid, was one of the slowest in the kingdom, by explaining that it was kept open from five in the evening till nine the next morning, for Post Office purposes; and that although the Irish lines as a whole ran very slowly, the remuneration paid them depended "upon the expenses of keeping open all night railways which would otherwise be closed all night." The Manager of the Bristol and Exeter line also stated that the greater part of the expense on his line at night was occasioned by the mails; but for them the stations would not then be worked.

The Committee, in reporting, do not express any direct censure of the system, but quote the evidence of Lord Canning, Postmaster-General. "It is difficult to argue against the justice of the system of arbitration; but in practice it certainly, in my opinion, has tended to great uncertainty

in the amounts which the Post Office have to pay. I attribute it to the fact that umpires, selected by the arbitrators, do not bring to their decision a sufficient amount of knowledge and experience of the matters on which they are consulted." The Committee made the remarkable statement that "there had rarely been an instance of agreement between the arbitrators named by the Post Office and the Railway Companies as to the principles on which compensation should be awarded;" and they recommended that the umpire should be named by one of the Judges, if after a certain time the arbitrators did not agree. They say the umpires should in all cases be fully qualified by general knowledge and experience; and, without proposing principles on which compensation should be based, they admitted that the penny post had so far encroached upon the parcel traffic as to justify "the departure from practice, in charging Her Majesty's mail with toll." They recommended a system of fines for failures in performing a service so highly paid for; that mail guards travelling as second class passengers should be empowered to exchange bags with Post Office servants at stations, and that Railway Companies should be compelled to deliver Post Office bags, sent as parcels, to Post Office servants. On the question of compensation they said there was no difficulty in fixing the price when mails are carried by ordinary passenger trains; but that the trains put under notice raised the question of "tolls" and "interference," which caused the disagreement. The weight of the night mail from the inland office, London, in 1854, averaged 14 tons 7 cwt. 3 qrs. 19 lbs. daily, of which newspapers formed 76 per cent., letters 13 per cent., bags 9 per cent., and book packets 2 per cent. In conclusion the Committee, in which the Railway interest was not without friends, so far adopted the Post Office view as to recommend that "a commission of two or more experienced engineers should be appointed expressly to consider whether a tonnage toll or mileage rate, to include every charge, could not be fixed for Post Office service, which though not exactly suited to each particular case might be generally fair to all parties."

With this report Parliamentary action ended. The Railway Companies warned by the result of this investigation ceased to meddle with the Post Office guards and bags by ordinary trains, for fear they might kill the goose that laid the golden eggs in the "noticed" trains; and the Post Office having power to keep down the average mileage rate, by sending mails by ordinary trains, and so to confine the "noticed" trains to the important mails, was willing to risk the ordeal of arbitration on these.

The extension of the Railway system also brought about competition, and the tenders of competing lines could not be without its influence on the umpires. And lastly, the consideration that the railways in England pay a government duty of five per cent. on their nett passenger receipts—by which the Companies pay back the greater portion of their mail

moneys, no doubt induced both Parliament and the Post Office to treat them with extra liberality.

The umpire was generally selected from the nobility, as less likely to be influenced by either the Post Office or the Railways; or rather, as the only class on whom the arbitrators could agree. Some of these, however, were connected with railways, and most of them knew nothing either of Post Office requirements, or of railway traffic; and when the Post Office arbitrator ascertained, from dearly bought experience, that certain names were invariably associated with excessive awards, he threw these out and naturally enough struggled for fair play. The Railway arbitrator was as pertinacious to obtain, as the other was to avoid, his man, and hence the delays complained of. In fact, this power of resistance was all the check the Post Office had—for there was no appeal from the decision of the umpire—and it behoved it to exercise it with firmness and circumspection. The Post Office arbitrators were officers of the Royal Engineers, and they asserted that their estimates were liberal. The railway arbitrator, however went before the umpire claiming several times the amount as the surest means of getting half what he asked. The Post Office arbitrator represented a department which was authorized and expected to pay the full value of the service rendered; and he dare not offer less than this without proving to Parliament and the country his unfitness for his position. Nor could he compromise himself by attempting to "feel" a proposed umpire. On the other side, a zealous manager, whose success with his employers depended on the amount he could procure,—or a needy corporation,—were under no such restraints; and the result in England has been that which has obtained in every other country where the government deals with a private corporation, or a municipal corporation with an individual; the delegate of the many defends his trust with one hand tied. The importance attached to the selection of the umpire is shewn in the history of the abortive arbitration entered into last year with the Grand Trunk Railway. That company, as stated by Mr. Baring, claimed an umpire in England, and when this was refused, their commissioner made a special trip across the Atlantic for further powers, before he could consent to the nominee of the Canadian Government.

The cost of mail conveyance by railway in England ranges from 3s. 8½d. per mile, down to one farthing per mile run: the average rate for 1861 was 6½d., which shews a steady decrease, as it was 8½d. in 1857, and 10d., as stated by Rowland Hill, in 1854. This decrease is in the face of an enormous increase of mail matter. In 1861, 593,000,000 of letters and 38,000,000 of book packages passed through the British Post Office. The mileage of mail trains in 1849 was 4,000,000; in 1857, 8,000,000; and in 1861, 11,000,000; for England and Wales. The book packets have increased 50 per cent. since 1857.

The mileage of mail trains, the rates, Government duty, and other taxes paid by railways in the United Kingdom, in 1861, were as under :

	<i>Number of miles per week day.</i>	<i>Average charge per mile.</i>	<i>Maximum.</i>	<i>Minimum.</i>	<i>Government Duty.</i>	<i>Rates and Taxes.</i>
		<i>d.</i>	<i>s. d.</i>	<i>d.</i>	<i>£</i>	<i>£</i>
England	33,041	6½	3 8½	½	335,444	451,782
Ireland	4,180	11½	4 1	½	32,067
Scotland	6,602	7½	4 0	½	27,207	61,370
United Kingdom	43,823	7½	4 1	½	362,751	545,219

In the United States, the railways are under the control of the State governments, while the postal service is managed by the Federal power. The position of the general government, therefore, as compared with other countries, is in this respect a very weak one—no attempt having been made to assume control, by any civil law, over corporations which hold their privileges from the State governments. In 1838 (the year in which England first legislated upon the subject of railway mail conveyance), Congress simply declared the railways to be post routes, and authorized the Postmaster-General to send the mails by them, "provided he could have it done on reasonable terms—and not paying therefor, in any instance, more than twenty-five per cent. over and above what similar transportation would cost in post coaches." The next year, a maximum rate of \$300 per mile per annum was fixed, for any amount of mail service, but still restricting payments to a maximum of twenty-five per cent. over the cost of coach service, under similar circumstances. In 1845, another Act was passed, "to secure an equal and just rate of payment according to the service performed"—which directed the Postmaster-General to divide the railways into three classes, according to the size of the mails; the speed at which they were carried; and the importance of the service; and authorized him to contract with them, provided the first class received no more than the maximum which had been already established by the laws of 1838 and 1839; the second class no more than \$100 per mile; and the third class no more than \$50 per mile. If he could not contract on these terms, he was authorized to separate the letter mail, and forward it by horse express, and the residue by vehicles. But if one-half the service on any railway were performed in the night, he might pay for that twenty-five per cent. over the classified rates; and finally, if there were more than two mails daily each way, he could allow what was just and reasonable for the extra service.

Where Congress granted lands in aid of railways, as in the case of the Chicago and Mobile road in 1850, it declared that, in consideration thereof, the road "should be free of toll or other charge to U. S. troops and property;" and that the mails should be carried upon it "on such terms as Congress shall fix."

The nature of the service performed by the United States railways—as defined in the printed forms of contract used—is as follows:—

1. That the mails (including British, Canada, and other foreign mails) shall be conveyed in a secure and safe manner, free from wet or other injury, in a separate and convenient car, or apartment of a car, suitably fitted up, furnished, warmed and lighted, under the direction and to the satisfaction of the Post Office Department, at the expense of the contractor, for the assorting and safe-keeping of the mails, and for the exclusive use of the Department and its mail agent, if the Department shall employ such agent; and such agent is to be conveyed free of charge. When there is no agent of the Department, the Railroad Company shall designate a suitable person on each train, to be sworn in, to receive and take charge of the mails, and of way-bills accompanying and describing them, and duly deliver the same. And the mail shall be taken from and delivered into the Post Offices at the ends of the route; and also from and into intermediate Offices, provided the latter are not over one-quarter of a mile from a dépôt or station.

2. That if the Company shall run a regular train of passenger cars more frequently than is required by the contract to carry the mails, the same increased frequency shall be given to the mails, and without increase of compensation; and the like as to increased speed of the mail trains, when desired by the Postmaster-General.

3. That the Company shall convey, free of charge, all mail-bags and Post Office blanks; and also all accredited special agents of the Department, on exhibition of their credentials.

In every case of any failure to perform the trip, not beyond their control, there is forfeiture of the pay for the trip; and the loss of a connection, if avoidable, involves a double penalty. Neglect to take or deliver a mail, or allowing one to become wet or injured, are subject to fine. And lastly—the Company are made "answerable for the adequacy of the means of transportation; for the faithfulness, ability and diligence of its agents; and for the safety, due receipt and delivery, as aforesaid, of the mails."

There are 320 railway routes on which the mail is transported, having a total length of 21,330 miles, with an annual mail mileage of 22,777,219 miles—for which the sum of \$2,498,115 is paid—about eleven cents per mile run. The greater number, length and mileage, are in the second and third classes—the average rate for which is 8½ cents per mile run.

These classes embrace 232 routes, having a total length of 13,195 miles, and an annual mileage of 11,609,170, which costs \$998,730.

In the reports published in connection with the Grand Trunk Postal Subsidy discussion, much stress has been laid on the price paid the New York Central for mail transportation; and there is a good deal of discrepancy in the statements made by such high authorities as the Government Commissioners of inquiry, in 1861—our Postmaster-General and Mr. Brydges, in 1862. The former made the average rate of the whole amount received for 1860, \$172.24 per mile of road. The Hon. Mr. Foley states it correctly, as far as it goes, at \$51,600, for 298 miles of railway—a fraction over \$173 per mile per annum. Mr. Brydges says the Company receives an aggregate of \$91,550, which is at the rate of \$307 21c. per mile. It is true, he says, that for “a portion of the distance they have a duplicate line; but these double lines do not average twelve miles apart; they accommodate the same district of country—and for all practical purposes, the amount paid is for a line of 298 miles in length.”

The New York Central receives now \$94,650 per annum, for a length of railway (including one leased line) of 659 miles of main line and branches, or an annual average rate of \$143 50c. per mile of road. There are on this road 243 miles of double track; and the payment, therefore—though for a line of country 298 miles between its termini at Buffalo and Albany—is really for a line of single track of over 900 miles in length—about \$105 per mile of single track. The length of sidings, in addition to the double track, is 120 miles, which brings up the total length of track to 1,023 miles—a greater length than that possessed by the Grand Trunk in Canada. This Company has also more locomotives and cars than are on the whole Grand Trunk, both in Canada and the United States.

If the Grand Trunk were in the United States, the portion between Quebec and Toronto would receive \$100 per mile, and all the rest \$50. This would give \$68,500 per annum, for which side service would be required. We pay the Company \$60,000, besides \$18,000 to other parties, for the side service.

The cost of side service on Grand Trunk (\$20 per mile) must be added to the \$70; and at \$90 per mile per annum, the mail mileage rate for this road would be 8½ cents, as compared with the 8⅓ cents on the N. Y. Central. The Central, carrying vastly more of mail matter, receives a less rate per mile run.

The real question, however, for comparison, is the service performed by the two roads respectively. Mr. Watkins, at the meeting held in London last August, stated the Grand Trunk weekly mileage of mail trains in Canada, to be 17,000 miles—or 884,000 miles per annum. The

[mileage of the New York Central, as will be seen from the statement below, is 1,170,940 miles. It will be observed in this table that the highest rates are paid on second rate sections. The old stage route was the longest, and the highest rates are continued on it—by a process known to Congress as “constructive mileage.”]

Sections.	Length in miles.	Am't rec'd per mile annually.	Trips per week.	Annual payment.	Annual mileage.	Cost per mile run. in cents.
Albany to Buffalo..... }	218	\$200	25	\$43,600.00	566,800	7.69
	80	100	25	8,000.00	208,000	3.84
Troy to Schenectady.....	22	75	12	1,650.00	27,456	6.00
Syracuse to Rochester, via Auburn.....	104	200	12	20,800.00	129,792	16.02
Canandaigua to N. Falls }	50	62.89	12	6,100.00	91,628	6.65
	47		6			
Rochester to Niagara Falls.	76	150	12	11,400.00	94,848	12.02
Batavia to Attica.....	11	50	6	550.00	6,864	8.01
Buffalo to Lockport.....	22	50	12	1,100.00	27,456	4.01
“ to Lewiston.....	29	50	6	1,450.00	18,096	8.01
	659			\$94,650.00	1,170,940	8.08

In addition to the mileage run, the bulk of the mails, and the speed at which they are carried, are elements of comparison. We have no statistics of the weight or bulk of the mails carried on the Grand Trunk. The English mails carried by special train do not disturb the general average, as they have been paid for at very profitable rates, varying from 30cts. to \$2.00 per mile. But we believe neither the bulk nor the weight of our ordinary mails has reached the capacity afforded by the one-third of the car devoted to Post Office purposes. The westward mail on the New York Central averages $5\frac{1}{2}$ tons, and the eastward one $3\frac{1}{4}$ tons, daily. This amount of mail matter could only be disposed of by frequent trains, and as a matter of fact, it is nearly equally distributed between the four trains which run each way daily, three of which are express trains at 30 miles the hour including stops—the other at 21 miles. On the Grand Trunk we have no express trains proper—but one passenger train at 20 miles, and one mixed one at $12\frac{1}{2}$ miles the hour, on the principal sections; and one mixed one only at the two extremes of the road.

Mr. Brydges states \$100 per mile to be the lowest rate fixed by Congress in the classification of the railways,—though he adds that he believes “a few small branch lines have been paid at rather less than \$100 per mile.” We have already seen that by the act of 1845, Congress fixed \$50 per mile as the maximum rate of the lowest class; and there are 127 routes

having a total length of 4,605 miles paid at and below that figure,—one as low as \$10. Thirteen of these roads carry the mail twice each way daily, as is done on the most important sections of the Grand Trunk. The number of routes paid at rates under \$100 per mile is 179, having a length of 7,526 miles—36 of which carry two mails daily each way. The maximum rate, with 25 per cent. added for night service, is paid only to the New York and New Haven, a double track line, which running only three mail trains daily, receives \$375 per mile—nearly double that paid to the New York Central for four trains and a greater amount of mail matter. This anomaly—which is similar to our own practice in paying the same rate per mile per annum below Quebec, that we do above Montreal—is accounted for by the United States Postmaster General who says that “some corporations when the public treasury was full succeeded in obtaining too much from the treasury.” This may be a delicate way of hinting that when a Postmaster General had the power to sign a contract for a term of years, binding the general Government to pay anywhere between \$10 and \$375 per mile—he might not always be proof against the solicitations of a political broker employed by the corporation to get the best terms he could.

That the system now existing in the United States is by no means satisfactory is proved by the following pregnant extracts from the last report of the Postmaster General at Washington :

“I renew the recommendations of my report of last year for the establishment of some system to enable the department to procure contracts on fair terms with railroad companies for mail service. Many cases have risen since then to illustrate the necessity of further legislation to prevent the serious prejudice to public interests, likely to occur if these corporations are left as at present entirely unrestrained by law. Some of these corporations when the public treasury was full, succeeded in obtaining too much from the treasury ; and even now, when the resources of the country are so severely taxed to preserve the Government, there are, I regret to say, some companies threatening to throw off the mail, unless terms even more onerous than any heretofore exacted from the Government, by any other company, are agreed to by the department. The effects of yielding to such exactions on the part of the few has been to raise the terms required by all ; for the more liberal justly say—whilst they agree that the terms allowed are too high—they cannot compete with rival lines unless they demand and receive the same rates for carrying the mails. * * It has been suggested that in lieu of the classification by which compensation is now fixed, reference should be had to the actual cost of transportation ; and I am disposed to think arrangements could be more satisfactorily made on such a basis than in the present system. I think it probable it would be generally acceptable, and that a compensa-

tion to cover the actual cost of transporting the mails, would be satisfactory to the railways; for the considerations which preclude the Government from desiring revenue from the mails, ought to operate even more directly on the railroad interest, to preclude it from attempting to burden a machinery which, in so many ways, creates its business. All increase and acceleration of mails promotes the transfer of persons and property, for which these roads were constructed, and of which the transportation of the mails is but an incident."

The cost of mail transportation by coaches in the United States averages 24 cents per mile, while in England, Ireland and Scotland it only averages about one-fifth, and in Canada (before the Railway era) about one-fourth this amount. The mail contracts in the United States have long been the perquisites of the party successful in the Presidential election; and often were the only means by which the Federal patronage could be made to reach certain districts. The fact that the early rates for railway mail service were fixed with reference to the cost by coaches, and 25 per cent. was allowed to be added for the additional speed, may explain how that Government has been gradually led into an outlay which is now found to be intolerable.

In Canada no legislation was had bearing on the question of mail transportation, before the Union, for the reason that our Post Office was then in Imperial hands. In chartering the early Railway Companies, Lower Canada regulated the tolls—but the Upper Province left these to the discretion of the proprietors: the same principles were applied, respectively, to the railways chartered in each section after the Union, until 1846, when the first legislative reference to mail transportation was made. Although the transfer of the Post Office from the Imperial to Colonial control did not take place until 1851, the Legislature, in view of it, inserted a clause in the Great Western, and Montreal and Kingston Acts of 1846, compelling these railways to carry mails, troops, munitions of war, police, &c., on terms to be fixed by the Governor in Council, in case of disagreement; but the Companies procured a qualification to the effect that they should not be required "to start any train at any other time than their ordinary time of starting the same." In 1849 when the first guarantee Act was passed, another general railway act of the same date repealed this qualification, in the case of any railway subject by its charter or amended act to the provisions of any future railway act: and the General Railway Act of 1851 put all railways, thereafter to be made, under the obligation to carry mails, military and militia, artillery, ammunition, provisions and stores, policemen and constables in Her Majesty's Service, "with the whole resources of the company,—at all times when thereunto required by the Postmaster-General, the Commander of the Forces," &c., the terms to be fixed by the Governor in Council. By the

same act the Railways were empowered "to regulate the time and manner of transporting goods and passengers, and fix the tolls thereon;" the latter subject to the approval of the Governor in Council. The companies are subject to action for any refusal or neglect to forward goods and passengers; but the Railway act does not fix the minimum speed or frequency of trains. The Grand Trunk Act, however, obliges that Company to run at least one train every day having third class carriages taking passengers at one penny per mile. The Canadian Postmaster-General has the power, though we have not learned that it has ever been exercised, to fix the hours for the departure of mail trains; but he cannot regulate the speed or stoppages. The United States Post Office has not this power, nor does it seek it; but it seeks the other and more important power possessed by Canada, that of compelling the Companies to carry the mails, not on their own terms, but those on which goods and passengers are carried in all countries—under the same conditions of speed and accommodation afforded. In practice we have wisely followed the American system of sending our mails by the ordinary trains, and have thus avoided the excessive demands which have been made upon the English Post Office Department—while we possess what neither of the other governments have—the very necessary power of confining the compensation to what is just and reasonable.

In 1840, the average cost of mail conveyance by daily coach, was six cents per mile run on the main routes: in 1852, just before the railway era, it was five cents per mile travelled. The cost by steamboat varied as opposition or monopoly existed. In 1852 a mail was taken by Mr. Holton's through line from Montreal to Hamilton, for ten dollars per trip—about two and a half cents per mile. Reasonable as this appears, it doubtless paid the steamer better than any other freight carried.

In 1853, upon the opening of the Grand Trunk between Montreal and Portland, the first extended railway mail service began, and on application from the Government the Company offered to transport mails by all their ordinary trains, including the conveyance of a mail conductor, for \$110 per mile, per annum. In 1854 the Company ran through trains to Portland in $11\frac{1}{2}$ hours—and in 1855 the express trains between Montreal and Quebec, made the distance, 168 miles, in five hours. On the opening of the line from Montreal to Toronto, day and night express trains were established,—in addition to local passenger trains. The Company, up to a recent period, had no idea of mixed trains, and contemplated the usual combined baggage and mail car with all their passenger ones. The tender of 1853 therefore involved at least three mail trains each way daily, with a conductor for each. No action was taken by the Government until the increase of the railway mileage became important and its effect could be seen, the Companies in the

meantime receiving what the Government tendered on account. In 1858 an order in Council fixed the price of \$30 per mile per annum for each day train, and \$40 for each night train carrying a mail, over every railway without reference to the weight or bulk of mails. In 1853 the Company made an offer which the Government would not take the responsibility of accepting—as binding them for any fixed period—but paid nevertheless at the rates demanded. In 1858 the Government fixed a rate which the Company in their then position as prospective applicants for further aid, (which they received in 1860) did not protest against—most probably because it was unnecessary, for their accounts shew that down to the end of 1860 they were paid at the old rate, notwithstanding the order in Council of 1858.

In 1860 this Company became bankrupt, and a Committee of Bond and Shareholders virtually took its affairs out of the hands of its former managers, and made their first report in December of that year. In this they suggested that “one of the easiest and fairest means of obtaining present financial relief for the company, would be the capitalization by the Province of the annual amount to which the Company was entitled, for postal service”—the extreme inadequacy of the payment for which by the Canadian Government, they drew attention to. They said that “the great object to be accomplished was the raising of two or two and a half millions sterling—and that the Company had a right to look to Canada [for the third or fourth time] for aid,” on the ground of our moral responsibility. Mr. Newmarch, the moving spirit in the matter, and understood to speak the views of the Messrs. Baring, declared at the public meeting which followed, that “at this crisis of our fate we have a fair right to look for assistance to the Canadian Government. Now there is a mode of affording assistance, and that is by increasing the postal subsidy. So strongly has the Company felt the inadequacy of this payment, that up to this time they have only accepted the money on account. If it should appear that we can substantiate a claim of £85,000 or £95,000 sterling per annum, (\$420,000 to \$470,000) there will be some considerable arrears to draw from the Government of Canada, on account of the subsidy.”

In the second report of the above committee, in July, 1861, they recommended that “the Canadian Government be applied to, to advance to the Grand Trunk Company, in Province bonds, bearing five per cent. interest, payable in London—a sum of one and a half millions sterling, as the payment for twenty-five or thirty years, of the total amounts for postal and military subsidy—reasonable provision being made for limiting the extent of the service to be required by the Province.” This would be about six times the amount now fixed by law; and the Committee admitted that they might be charged with “reckon-

ing on a degree of liberality, on the part of Canada, of very improbable occurrence."

It will be remembered, that at the last session, our Legislature refused to capitalize a postal subsidy; but authorized the Company to issue bonds secured on all monies derived from postal or military services. An arbitration was then in progress to fix the amount—but a change of government broke it up, and the news reached England only a short time before the Grand Trunk meeting in August last, and after Mr. Watkin's report, announcing the fact that the arbitration was in progress, had been issued. Much feeling was exhibited at that meeting, in consequence of this miscarriage of the arbitration scheme. Mr. Baring acknowledged that "the Arrangement Act was in reality based on an increased award by arbitration;" while Mr. Wilson charged our Government with a gross breach of faith, and said that for "Canadian" they should read "jobber." Mr. Newmarch "hoped a place of penitence might yet be reserved for the Canadian Government. He was sorry, not for the Company, but for Canada. The stick was now in the Company's hands—no longer in those of the Canadian Legislature. They might depend on it, that occupying, as their railway did, the back-bone of the Province, and being the only possible line of communication, the time was not far distant, when the Province of Canada would be suitors to them, and not they to the Province. The judgment creditors [among whom are the financial agents of the Province] held £700,000 sterling of collaterals for advances, the release of which was contingent on the postal arbitration; but he could not now ask them to surrender." Mr. Watkin, in his report, explained that though "he had failed to get the Province bonds in capitalization of a postal subsidy, he had altogether avoided governmental control, and the power of temporary seizure, which would no doubt have been insisted on to secure the performance of a postal contract." At the meeting, he said "so long as the repudiation of a solemn contract, legal or illegal, still honourably made, shall mark the parliamentary history of a country with which we should wish to be on terms of affection, neither you nor any other body of shareholders will ever send out another shilling." If they failed in obtaining "adequate remuneration," he told them they "must come together and strengthen the hands of the directors in taking those measures which must be successful in case you are compelled to resist grievous injustice." At the meeting of October following, Mr. Hartridge said "he expected little from the justice of the Canadian Government. The Company was not bound to serve the Government; and he would like to know the position of Canada, if they refused to carry on the postal service."

Canada now pays annually over \$900,000—or more than \$1,000

per annum upon every mile of the Grand Trunk within her borders—by way of interest, and in a few years more will have to meet a principal sum of fifteen millions of dollars, as her contribution to this Company; and there cannot be the slightest doubt, that if our Legislature had stipulated the free conveyance of the mails, in consideration of this gift, it would have been assented to as reasonable. This advantage of the company's necessities was not taken; and, as a consequence, all our contributions have been credited to the moral responsibility side of the account. What the precise valuation of the moral responsibility of a colony of our age, area, and population, should be, we have no means of determining upon this side of the Atlantic: but it would seem that a commission, for the final adjudication of this matter—if that be possible—should precede any further negotiations on account of postal services with our Trunk line by arbitration or otherwise.

We have neither the resources of England, nor those of the United States, and cannot be expected to pay as well; but neither of those governments have incurred indebtedness, to aid railways, as we have done. Proportionally, we have been more liberal than either: we do not exact the special trains, nor the speed, as in England; nor do we hold the companies responsible for the mails, and make them perform the side service, as in the United States.

In Mr. Brydges' reply to the Postmaster-General, we have an indication of the ground which will be taken by his Company in entering upon an arbitration. He devotes at least one-fourth of his letter to the moral responsibility aspect, which clearly has no relation to the commercial value of the service; and then he proceeds to the latter, after this fashion:—"The fares of the forty Post Office clerks travelling on the Grand Trunk, calculated at rates paid by ordinary travellers, would amount to more than half the rate of seventy dollars per mile. The Post Office cars, if used for the ordinary passenger business, would accommodate at least sixteen passengers, whose fares, at the regular rates between Montreal and Toronto, would produce, in that district alone, upwards of \$100,000 per annum, or at the rate of more than \$300 per mile of railway, per annum." The same calculation might be made with respect to the baggage compartment, and that for the express; both of which are in the same car with the mails; the first producing nothing—and the second though as large, and also carrying a non-paying passenger and a greater weight, does not yield the Company as much as the one occupied by the mails.

There are several ways in which the service may be valued—but mileage or tonnage calculations seem superfluous in the face of the rates which the Companies have themselves fixed for the express service.

The relative receipts for Mail and Express service on the undermentioned roads in 1860, were:

	Length in miles.	Receipts from mails.	Receipts from Express.	Mail rate per mile per annum.	Express per mile per ann.
Grand Trunk.....	1,090	\$110,339	\$27,596	\$101	\$25
Great Western.....	345	40,369	23,295	117	67
New York Central ...	659	95,765	62,735	145	93

On the Grand Trunk the express mileage is only half the mail mileage, where there are two passenger trains daily. On the Great Western it is less than the mail mileage;* but on the New York Central they are equal on the main route—and so great is the bulk and weight that in some trains several cars are required for the express, while no additional ones are needed for the mails.

As to the service itself, it appears that we have in certain districts two sorting cars daily, while only one is used on more important routes in the United States, and that this is because both trains do not stop at all stations. If two sorting cars are to double the value of the highest rate demanded, it will be necessary to serve the smaller stations by side service from the larger ones: for small places have no greater claims to increase the Post Office outlay because they happen to be near a main line, than the larger places more distant from it which are not so favored—merely because the railway commenced a speed and frequency of trains which it has been unable to continue.

There is an important distinction between an arbitration to meet the requirements of the Grand Trunk Company and that which is obtainable in England,—which makes our position, strange to say, worse than that admittedly bad one. The amount fixed will be the basis for an issue of bonds: if excessive it cannot virtually be set aside—as is done in England when a change of service abolishes the existing award—because it is not within the limits of probability that our Postmaster-General will assume the responsibility of changing the hours and regulating the working of mail trains, as is done in England: moreover, a reduction would destroy the bond basis and aggravate our moral responsibility. If hours of starting and stopping are prescribed, the Company can make out a case for the whole cost of the train, on the ground of "interference;" and Mr. Brydges warns us that the average earnings of passenger trains do not amount to 75 cents per mile run, while the cost is very nearly \$1 per mile.

The principles on which payment ought to be made, should be asserted by the Legislature. Mr. Cardwell's committee of the House of Commons in 1853, laid down the principle that the railway should receive no more than the public would be required to pay for the same service.

Rowland Hill, from whom, says Capt. Huish—the railway manager opposed to him—"every thing which emanates is characterized by sound, practical common sense," went further, and insisted that Parliament should not only fix the principles, but the rate itself. Under any circumstances a maximum rate should be fixed by the Legislature for the different classes of service, as Congress had done. Without this it will be in the power of an umpire to bind the Province to an annual tribute to the Railway interest—over and above the commercial value of the service—sufficient to subsidize a line of ocean steamers: for the main objection to arbitration upon the English plan is that the Government and Legislature delegate the whole question of the amount to be paid—to one person over whose appointment they have no control. It is true that the Post Office arbitrator has a voice in naming the umpire, but he cannot object to the railway nominee except for cause, which cause cannot be demonstrated until the mischief is done. The first umpire will virtually settle the whole question.

* This line has foreign as well as Canadian services.

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