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Upon the proposal to fix
by Statute in Canada, a

Maximum Rate Per Mile

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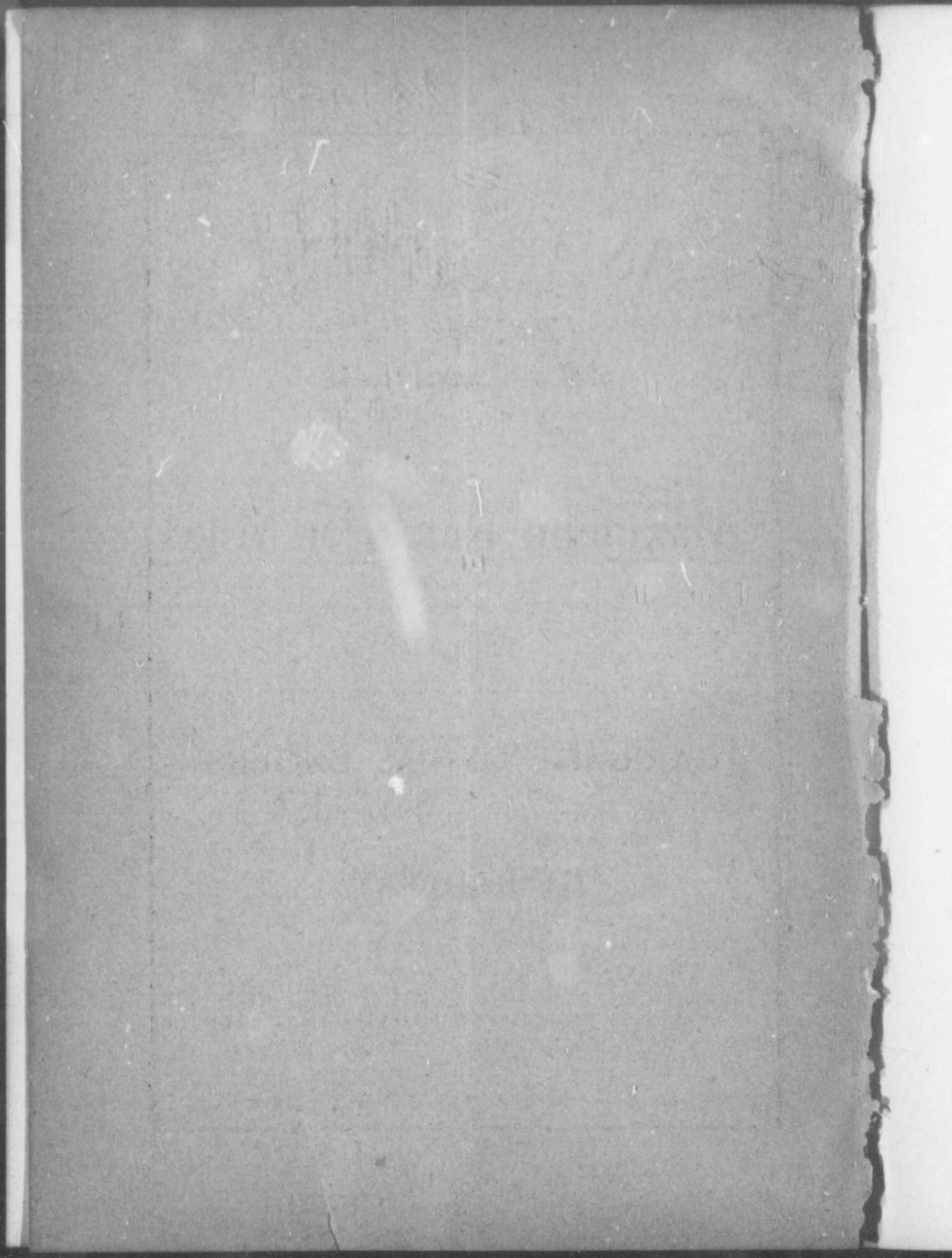
CARRIAGE OF PASSENGERS

BY RAILWAY.

[By. F. H. Chrysler]

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1904



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Upon the proposal to fix by Act of Parliament a Maximum Passenger Rate of Two Cents per Mile.

The following discussion of the question is respectfully presented for the information and consideration of the members of the House of Commons by the writer, who is acting herein as counsel for some of the leading railways of the country, but the views and arguments herein presented are his own, and not, necessarily, the views of his clients, the railway companies.

The fixing of a tariff for passengers is a problem demanding the most thoughtful consideration and the careful weighing and balancing of a great many elements, and can be properly determined only separately for each railway, for each district of country, and for each class of passengers, according to the accommodation furnished and the cost of furnishing it.

A spirit of the utmost fairness should pervade all legislation in reference to transportation, for the reason that this great interest is more closely identified with, and is more essential to and dependent upon, every other important interest in the country, than any other business. Whatever is detrimental to the welfare of the railways of the country is detrimental to the best interests of the farmer, the mechanic, the merchant and the laborer, while the prosperity of the railways means the prosperity of every other legitimate commercial enterprise.

It should not be forgotten that transportation is a commodity for which the fare paid is a price, and that the question, whether the fare is reasonable or not, depends upon what is supplied and the conditions under which it is supplied.

Comparisons between railways in different countries, or in different parts of the same country operating under different conditions, as to cost of construction, cost of operation, traffic to be served and equipment required, are almost worthless. No fixed mileage rate for passengers applicable all over Canada could possibly be reasonable or just. It might be too high for those operating under the best conditions, and would be too low for those less favored.

The rate in winter upon the same railway should in almost all cases, be higher than in summer. The experience of last winter was, of itself, sufficient to demonstrate the difference between the cost of operating a railway in Eastern Canada in the winter season and in summer. The cost of snow removal in some districts by some of the companies was probably greater than the whole passenger revenue received by them from the district for the year. The truth is that the enquiry involves the consideration of the following questions, at least.

(a) The nature of the country through which the railway is carried—whether it is level, hilly or mountainous or is intersected by numerous lakes or streams; whether the cost of bridging is expensive; whether the roadbed is cheaply built or abounds in features involving difficulty and expense.

(b) The nature of the equipment and the accommodation provided.

(c) The speed at which the train is propelled. It is common knowledge that the cost of hauling a train fifty miles an hour is very much more in proportion than the cost of hauling the same train

twenty-five miles an hour; an application of the same principle is daily illustrated in the experience of the cost of increased speed of steamship service between this continent and Great Britain.

(d) The frequency of service.

(e) The cost of terminal facilities. A very large proportion of the whole cost of construction of a railway is due to the cost of terminal facilities of railways in large cities. In a city like Philadelphia or New York, or even in Montreal, or Toronto, the entrance into the city and construction of station accommodation, yards, shops and sidings may cost a railway company more than the construction of one hundred miles of railway in the open country.

(f) The transportation of baggage. In addition to the actual carriage of the passenger, his baggage is carried free, in a car provided for that purpose, and the services of a trained staff of baggagemen and attendants is required on the train and at every station for the purpose of handling this part of the passengers' equipment.

(g) The providing dining cars on trains. This is a form of expenditure which is not repaid by the price of the service. The revenue from meals served on trains repays only a fractional part of the cost of providing and hauling the dining car and its equipment and service.

(h) Cars are heated, lighted and ventilated at great expense, and the most elaborate precautions are taken to ensure convenience, comfort and safety.

(i) The safety of passengers and baggage is virtually insured by law at the expense of the company.

In view of these considerations it is apparent that, to haul a passenger, under modern conditions, a very large amount of dead weight is carried. In an ordinary train, with a pullman, two first-class cars, a second-class car, a baggage car, tender and locomotive, without including the dining car, it is probable that the average weight of the train hauled for each passenger is not less than two or three tons. These are some of the elements in the problem—how far does the cost of hauling, taking into consideration the cost of the service and equipment, compare with the cost of hauling of freight with its equipment?

A freight car loaded with grain will carry, on the average, three times the dead weight of the car, loaded with coal about four times the dead weight. The whole train will carry more freight than the dead weight of the train, including the locomotive, tender and cars, and the cost of such cars is but a fractional part of the cost of an equal number of passenger cars. Are the passenger rates now in force excessive when the dead weight and cost of the train are considered having regard to the service provided and the conditions of climate and population? It is contended that no better value is given in any country in the world than is given by the average passenger service upon Canadian railways in proportion to the fares paid.

It is argued that a reduction in the rate of fare will create travel. It is true that cheap excursions may stimulate travel, but an excursion is run at a specified time, thoroughly advertised, and for a specified purpose or occasion. If a general reduction in rates were made, the number of trips of the average traveller would not be appreciably increased. The excursion business usually arises out of fairs or celebrations of some kind, which, for the moment, draw a large number of people together. They travel in crowded trains, in which a large number of cars are hauled and taken care of by one locomotive and one train crew, who would, under ordinary

circumstances, carry, for the same equipment and the same staff of men, a fifth, or a tenth, part of the number. The excursionists travel upon a limited ticket, which usually expires in two or three days, and seldom exceeds a week. They travel, for the most part, without baggage, and the revenue received from them is a clear addition to the ordinary revenue of the road, except for the train crew required to man a special train and the fuel and running cost of the train, without adding otherwise to the ordinary cost of operation. The station masters and telegraph operators and all the other operating staff remain the same. Fixed charges and cost of management are not appreciably greater. Excursions are run at periods when the ordinary trains of the company are not crowded. They are fitted in to fill up the off season. For instance, railway companies give excursion rates from Toronto and Montreal to the seaside for the end of August and the beginning of September, when the stream of travel is returning the other way, and the excursion rate merely prolongs a lagging season of summer travel, but they do not offer excursions to the seaside in June, when the rush of people is moving in that direction; so, steamship companies give cheap rates to Europe in October and the winter months, but excursion rates are not offered in the months when the steamships are crowded with the ordinary traffic. It is apparent, therefore, that a comparison with the rates which companies charge for carriage upon excursion trains cannot properly be made with the rates to be charged passengers for ordinary travel. Passenger trains are run regularly day in and day out, winter and summer, whether the number of travellers is great or small.

At certain seasons of the year there are many days when there are not passengers enough to pay for the cost of hauling, and it would be profitable for the management to cancel the train, but it is a feature of the transportation business that trains must be run regularly, whether the particular train will pay or not. The goods a merchant cannot sell today, he can

generally put away and sell to-morrow, but railway companies cannot store up transportation if it is not used; they must provide equipment and service for passengers to supply any demand, and, if the demand is not made, so much is lost, and, in passenger business, a large amount is always lost. The public must know in advance that they will find a train leaving a certain point at a certain time, and the regularity of service is a necessity inherent in the business, and is made imperative in Canada by the Statute which requires that "The Company shall, according to its powers furnish at the "place of starting, and at the junction of the railway with "other railways, and at all stopping places established for "such purpose adequate and suitable accommodation for the "receiving and loading of all traffic offered for carriage upon "the railway." Railway Act, 1903, s. 214.

As a reason why fares should be reduced, it is stated that the fares charged by railways have remained almost stationary for a generation or more. Whether this is true or not, it may be admitted that passenger fares have not been very greatly reduced, but on the other hand the cost of passenger transportation has not been reduced in any of the elements which go to make up the expenditure of a railway.

The cost of hauling freight on the best railways has a tendency to become lower, by reason of the saving by increased power of locomotives, increased capacity of cars and increased length of trains, although there are many other elements of cost which, tending in the opposite direction, may counteract such saving; but these considerations do not apply to the passenger business. Improved roadbed and increased power of locomotives in the passenger department of the railway business have been the occasion for increasing the speed of trains and the weight of the cars supplied, with the result that the safety and comfort of passengers have been much enhanced, but the cost of carriage has not been thereby reduced.

In the past thirty years, steel rails have been substituted for iron. Fifty-six pound rails have been replaced by rails of seventy-two, eighty and, even, one hundred pounds per yard; fastenings and fishplates have been made heavier and stronger. There is no prospect apparent that the cost of steel will in the future be much reduced below the present figures.

The cost of fuel, as well as of all stores used on a railway, has increased very considerably, and wages have steadily increased in all departments. The duty on coal imported from the United States and the cost of transportation add a very large amount to the fuel bill, as compared with railways in the United States which are not subject to these charges. The duty on coal, in the case of two leading railways, amounts to a million and a half of dollars annually.

It is argued that lower fares are charged upon similar railways in the United States. This statement is disputed, but the comparison is not a fair one, except for a very limited mileage of the Canadian Railway systems. Most of the railways in the United States which are best known to us are railways carrying an enormous tonnage of freight and great numbers of passengers. For comparison, the figures are here given for six leading railroads in the United States comprising four eastern and two western railways, and also corresponding figures for the Canadian Pacific, the Grand Trunk, the Canada Atlantic and the Canadian Northern Railway Companies, where available.

The average rate per mile for each passenger carried cannot be given for the Canadian railways from the Government Report, but where given it is supplied by the companies.

The figures given for the railroads in the United States are taken from "Poor's Manual of Railroads for 1903," being for the year ending 30th June, 1902.

In the case of the Canadian railways, the figures are taken from the last Report of the Department of Railways and Canals, and give the result of returns to June 30th, 1923.

The figures of the Pennsylvania Railroad are particularly instructive, and, for that reason, a similar statement is given for the different divisions of that Railway, taken from page 699 of "Poor's Manual."

RAILWAY COMPANY.	Mileage	No. of Passengers	Passenger Earnings	Average rate per passenger per mile.
Boston & Maine R.R.	2,205	37,830,947	\$11,557,533	1.761c.
New York Central R.R.	3,319	42,884,158	23,807,085	1.758c.
Michigan Central R.R.	1,633	3,741,312	4,719,463	2.001c.
Pennsylvania R.R.	3,637	59,257,009	24,431,918	2.09c.
Great Northern Ry. Co.	5,249	3,493,245	6,662,173	2.327c.
Northern Pacific Ry. Co.	5,019	4,192,114	9,177,509	2.18c.
Grand Trunk Ry. Co.	3,139	7,971,587	6,912,615	1.73c.
Canadian Pacific Ry. Co.	7,439	5,580,739	10,865,709	1.68c.
Canada Atlantic Ry. Co.	459	377,779	397,854	2.34c.
Canadian Northern Ry. Co.	1,236	281,801	339,170	2.32c.

Statement as to the Pennsylvania R. R. Co. by Divisions.

DIVISION	Mileage	No. of Passengers	Passenger Earnings	Average rate per passenger per mile
Pennsylvania R.R. Division	1,761	24,635,597	\$11,573,596	2.065c.
United R.R. New Jersey Division.	468	19,542,934	9,597,180	1.882c.
Philadelphia & Erie Division	599	2,563,282	1,391,489	2.27c.
Buffalo & Allegheny Division	809	3,575,196	1,899,683	2.136c.
Total	3,637	59,257,009	24,431,918	2.09c.

Of the United States Railways only two received less than two cents per mile for each passenger carried, viz., the

Boston & Maine and the New York Central. These two railways, with the United Railroads of New Jersey Division of the Pennsylvania Railroad, are the Companies doing the largest suburban business in the United States, and the low average is, no doubt, due to the large suburban traffic of these companies.

The average of the Pennsylvania R. R. Co. (the Company showing the largest passenger business in the United States) is over two cents a mile, and the average exceeds two cents a mile on every Division except the New Jersey Railroad Division. These averages are arrived at by taking into the account every passenger carried who pays a fare, including every class of accommodation, commutation tickets, excursion and charitable tickets, and all other cases of reduced fare, but not including passengers carried free, or upon passes.

The average earnings per mile of these roads are also given herewith, for the purpose of comparison with Canadian railways.

The average passenger earnings per mile for the same year were as follows :

The Boston & Maine	\$5,102.00
The New York Central	7,073.00
The Michigan Central	2,854.00
The Pennsylvania R. R.	6,595.00
The Great Northern R. R.	1,269.00
The Northern Pacific R. R.	1,828.00

The average passenger earnings per mile of the Canadian roads above selected being as follows :

The Grand Trunk Railway Co.	\$2,200.00
The Canadian Pacific Ry. Co.	1,460.00
The Canada Atlantic Ry. Co.	670.00
The Canadian Northern Ry. Co.	315.00

It is not claimed that the comparison of these figures is sufficient to determine what proportion fares in Canada should bear to the fares in the United States, but it is contended that the comparison is sufficient to show that a two-cent rate for even the most profitable of the railways in Canada would be too low a maximum. It is contended, however, that there are laws in the United States which enforce a two-cent per mile fare for passengers. The writer has ascertained that this is not correct. Two instances are referred to, one in the State of New York and the other in the State of Michigan. The law as to the State of New York is stated by Mr. Henry Apthorp, of Cleveland, as follows :—

“The Statutes of New York permit, generally, a three-cent rate, although a much higher rate is allowed on hilly roads. The two-cent law in New York which is the exception referred to and which has been the foundation of many and oft repeated arguments, applies only to way passengers on one part of one road, viz.: to that part of the New York Central & Hudson River R. R. which lies between Buffalo and Albany. Under the Statute the fare is limited to two cents per mile from any intermediate station to Albany, or from any intermediate station to Buffalo, or from any one intermediate station to another between Albany and Buffalo.”

It does not apply to the fare from Albany Station to Buffalo Station, nor from Buffalo Station to Albany Station. It applies to local fares only between these two cities, and not only does the law authorize more than two cents, but three cents is the ordinary fare in force upon many of the railways in New York State, as Mr. Apthorp shows, giving the following instances:—

The fare on the Nickel Plate R. R., between Dunkirk and Buffalo, is \$1.15, distance 40 miles, rate per mile 2.87 cents.

On the Erie Road from Elmira to Binghampton \$1.70, distance 57 miles, rate per mile 3 cents,

From Syracuse to Ogdensburgh on the New York Central the fare is \$4.14, distance 137 miles, rate per mile 3 cents.

From Syracuse to Watertown on the New York Central the fare is \$2.25, distance 73 miles, rate per mile 3 cents.

From Utica to Malone, New York Central R. R., the fare is \$5.01, distance 167 miles, rate per mile 3 cents.

The other State whose statutory law has been cited in the discussion is the State of Michigan.

Michigan has what is called a graded law, that is on railroads earning \$3,000 per mile from passengers the rate of fare must not exceed two cents per mile for each passenger, on roads earning less than \$3,000 per mile, and more than \$2,000, the rate of fare must not exceed two and one-half cents per mile, and on roads earning less than \$2,000 per mile not more than three cents per mile per passenger, except in a region in Northern Michigan, called the northern peninsula, where four cents or three cents may be respectively charged, graded according to the earnings of the road.

It is not necessary to discuss the wisdom of this law. It is sufficient to say that, in Canada, there is no road which, under its provisions, would be compelled to carry for two cents per mile.

Full extracts from the Statutes referred to are printed in the Appendix A and B.

In examining the above figures a startling disparity between the business of some of the larger railroads of the United States and the railways in Canada is manifest. To show this in a more striking way, some further figures may be added to those already given.

The total mileage of the railways of Canada on the 30th June, 1903, was 19,077 miles. This included the Canadian Government Railways as well as all the railways of private companies.

The total number of passengers carried was 22,148,742 and the total earnings from passenger traffic was \$24,862,109.

The Pennsylvania R. R. alone carried more than double the number of passengers, 50,287,000, and its passenger earnings, \$24,431,948, upon 3,637 miles of railway, were almost equal to the passenger earnings of all the railways in Canada.

Why does this disparity in the figures exist? It is not because the railways in Canada are not relatively as well equipped and as enterprising as the railroads in the United States. It is chiefly because of the greater density of the population.

The group of States in which the New York Central and the Pennsylvania Railroad lines are operated includes the State of New York with a

population of	7,268,894
State of New Jersey	1,183,669
State of Pennsylvania	6,302,115
	<hr/>
	14,754,678

as compared with the population of Canada.

The Boston and Maine R. R. Co., with 2,265 miles of railway, reaches and serves the greater part of the territory comprised in the States of

Massachusetts	2,805,346
New Hampshire	411,588
Maine	694,466
Vermont	343,641
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with a population of	4,255,041

It is not necessary to further multiply examples. All the populous centres of the United States show their effect upon the railways which have access to them in the enlarged receipts from passenger traffic.

In addition to the difficulties arising from a small and widely scattered population, in proportion to the enormous railway mileage in Canada, the railway companies have by no means a monopoly of the carrying of passengers. In no country in the world are the facilities for carrying passengers by water more extensive and more extensively used in proportion to the population.

The railways compete for thousands of miles with the unrivalled navigation of the Great Lakes, the River St. Lawrence and the Atlantic Coast throughout the whole territory east of Port Arthur, and, while this competition does not exist during the winter months, it exists throughout the portion of the year when the holiday season and the more agreeable climate of the summer months induce the larger volume of travel.

In addition to the competition by water, the railways are yearly more and more in competition for suburban traffic with the surface or electric railways, and, although this has not, perhaps, as yet, in Canada, seriously affected the business of the steam railways, it is beginning to do so in the thickly settled portions of the United States, and will, very soon, seriously affect the suburban and interurban business of the steam railways in Canada.

Assuming, however, that Parliament should conclude that a fixed statutory maximum of two cents per mile is desirable and feasible, what are the results which such a change would probably entail?

A large number of trains are run by railways which are commenced as an experiment; are upon the doubtful line,

and are not considered as being profitable, but are maintained for the purpose of competition with other railways, or because it is hoped, by improved accommodation, to work up a profitable business. All such trains would be removed from the Schedule if the operation of a two-cent law rendered them unprofitable. The railway companies would, of course, have to comply with the law and carry at the lower rate of fare, but nothing would oblige them to furnish the same number of trains, to run them at the same speed as they are now run, or to furnish the accommodation which is now given. No doubt, railways would go on and transact business and carry passengers if a two-cent rate were enforced, but they could only give a two-cent service.

Another element to be considered is that the passenger business does not stand by itself. It is impossible for any accountant to analyse the accounts of a railway company and determine just how much should be charged to the passenger service, and how much to the freight service. The cost of the mere operation of trains by itself can readily be ascertained, but who can determine how much, for instance, of the track maintenance is to be charged to the freight business, and how much to the passenger business. What proportion of the expenses of the general management of track, repair and maintenance, or of the cost of station agents and servants, or of the capital invested in premises or equipment, is to be charged against the cost of carrying passengers as compared with the cost of carrying freight?

The heavy snow fall of last winter cost the railway companies, in the aggregate, many hundreds of thousands of dollars. What accountant can say how much of that expense is to be charged to the cost of passenger trains, and how much to the cost of hauling freight? Although this is so true as to be self-evident, it is quite certain that the whole of these expenses have to be charged to the traffic of the railway generally. If the volume of the receipts from passenger traffic

is less, a larger amount will have to be charged for hauling freight, because fixed charges, wages and cost of operation must be paid. The pressure of opinion in favor of cheap passenger fares upon railways may enforce, through the medium of Parliament, a cheaper maximum rate of fare, but the public at large will necessarily pay the difference in higher prices for the carriage of freight or in some other way. This question, in itself, is one of policy of the very greatest importance. In the opinion of the writer the great preponderance of benefit to the country will result rather from removing restrictions from trade and manufacturing by lessening freight charges and the benefit to be derived in this way is of far more importance to the country at large than the very insignificant amount which would be saved in passenger fares. No productive end is necessarily served by people travelling to and fro upon railways. The economical result is often harmful instead of beneficial, and a double waste of time and money.

When railways put on cheap trains leading to the larger cities, the merchants and business people in the intermediate towns frequently complain that the effect of such trains is to divert business from the local towns and bring the people into the larger cities for shopping. The effect is the opposite of that produced by the lowering of freight rates, which operates to equalize conditions and promote the business of the smaller centres of population.

Another consideration is that any reduction in the revenue of railways must affect their capacity for making necessary improvements and additions to their property and equipment and must also affect, unfavourably, their power of maintaining high rates of wages for their employees. These are two points upon which it is only necessary to appeal to common experience.

A railway is constructed and begins business; at first it is provided with the barest equipment of rolling stock and station accommodation which will suffice for its needs. Every

year the successful management of a railway means a large sum of money invested in improvements; in the substitution of permanent for temporary structures; in enlarging station accommodation; in easing grades and straightening curves; in adding to rolling stock and equipment; in better fitting its track and equipment for better and more extended service. It is true that this expenditure is made for the purpose of benefitting the company, but, incidentally, such expenditure benefits the public and the patrons of the railway as well. If times are bad and revenues fall, the railways must postpone improvements of this kind, reducing expenditure to the lowest point. Few employees are retained, work shops are closed, and expenses generally curtailed. All this, directly and indirectly, affects the general business of the country.

It is not true, in Canada at least, that increased earnings are commonly applied in paying increased dividends to shareholders. The advancement of the country and the growth of business render it imperative that every dollar that can be saved from the earnings shall be expended by the company in improving its own facilities. How many railway companies in Canada are paying dividends to shareholders? The number can be counted on the fingers of one hand.

The second point, with regard to the wages of employees, is self-evident. A reduction in the earning power of railway companies means that somewhere expenditure to a corresponding amount must be reduced. It may not be possible to make this reduction altogether in any one branch of the company's expenditure; some parts of the company's expenditure is uncontrollable; the amount cannot be reduced nor payment deferred; fixed charges and the company's commercial obligations must be met, or a receiver will take possession of the road, and it is inevitable that the wages of employees must suffer at some point and to some degree with the rest of the partially controllable items; and the lowering of wages of railway employees, who constitute such a large proportion of the whole population, must inevitably react upon

the wages and salaries of clerks, labouring men and mechanics in all other branches of business.

Parliament has no doubt the power, if it sees fit, to fix a maximum passenger rate per mile; but the exercise of such power cannot be deemed otherwise than arbitrary if the same maximum is fixed for all railways in all parts of the country without taking into account the varied circumstances and conditions of each; and any approach to the exercise, in an arbitrary manner, of the power which Parliament possesses will necessarily affect the confidence of investors in Canadian securities.

This consideration naturally leads to what is deemed a complete and conclusive answer to the demand for a two-cent railway passenger rate, to be fixed by Parliament, namely, that Parliament has already itself fixed and appointed a judicial tribunal, for the purpose of determining all the tariffs of the railways of Canada, in the Board of Railway Commissioners appointed under "The Railway Act of 1903."

The work of the Railway Commission is to be done judicially and with discretion, under the advice of persons skilled in railway tariffs and with the most ample material for intelligent comparison of the earnings and cost of operation of each railway.

The Railway Act gives to the Board the means of exercising the power vested in them with full knowledge of all the elements which enter into the consideration of the subject, and the control over the tolls of railways under "The Railway Act, 1903," is more complete than in any country where railways are operated by private ownership.

The Act provides :—

That **no tolls shall be charged** by the Company until a by-law authorizing the preparation and issue of such tariffs

has been approved by the Board, nor shall the company charge, levy or collect any money for any services as a common carrier except under the provisions of the Act. (s. 251.)

That all tariff by-laws and tariffs of tolls shall give such information particulars and details as the Board may prescribe. (s. 256.)

That the Board may disallow any tariff or any portion thereof which it considers to be unjust or unreasonable, or contrary to any of the provisions of the Act, and may require the company, within a prescribed time, to substitute a tariff satisfactory to the Board in lieu thereof, or may prescribe other tolls in lieu of the tolls so disallowed, and may designate the date at which any tariff shall come into force. (s. 257.)

al These sections and the other provisions of the Act constitute a system which is unique in the legislation regarding railway tolls. The principle features are the requiring of an authorized tariff for every rate charged by a railway, in lieu of the old system of allowing a maximum tariff, subject to which companies could vary the rates so long as the maximum was not exceeded. Under the Railway Act of 1903, for every rate charged, there must be in force an approved tariff and the amount collected is to be no more, and no less, than the actual amount authorized by some tariff in force and applicable to such rate.

In the United States the Interstate Commerce Commission has no direct control over the enforcement of the Interstate Commerce law. The provisions as to the filing and publication of tariffs are similar to the Railway Act of 1903, but the Interstate Commerce law merely declares that it is unlawful to collect tolls, except as required by its provisions, and, for any infringement of the Interstate Commerce Act, the tribunal to determine the matter is not the Commission but the civil courts having jurisdiction,

The tariffs in the United States are prepared by the railway companies and are required to be published and also filed with the Interstate Commission; but the Interstate Commission have no power to disallow tariffs or to prescribe tariffs of tolls in lieu of those submitted by the companies. In brief, the object of the Interstate Commerce laws is not absolute control of tariffs, but the doing away with secret rates, rebates or other private advantages, and it aims at securing this result not by direct control but by publicity, while the Canadian Railway Act puts the actual and absolute control of the tolls in the hands of the Board.

The conclusion seems irresistible that questions of such a technical character as those arising out of the fixing of passenger tariffs should be determined by the Railway Commission, created and constituted for that purpose.

F. H. CHRYSLER.

Ottawa, May 11th, 1904.

APPENDIX "A."

Statute Law of Michigan as to Passenger Fares.

Extract from Sec. 6234 Michigan Compiled Laws of 1897.

Sec. 9. Every such corporation shall possess the general powers and be subject to the liabilities and restrictions following, that is to say :

(Sub-sections 1 to 8 omitted.)

Ninth. To regulate the time and manner in which passengers and property shall be transported, and the tolls and compensation to be paid therefor; but such compensation for transporting any passenger and his or her ordinary baggage, not exceeding in weight one hundred and fifty pounds, shall not exceed the following prices, viz.: For a distance not exceeding five miles, three cents per mile; for all other distances, for all companies the gross earnings of whose passenger trains, as reported to the commissioner of railroads for the year one thousand eight hundred and eighty-eight, equaled or exceeded the sum of three thousand dollars for each mile of road operated by said company, two cents per mile, and for all companies the earnings of whose passenger trains reported as aforesaid, were over two thousand dollars and less than three thousand dollars per mile of road operated by said company, two and a half cents per mile, and for all companies whose earnings reported as aforesaid were less than two thousand dollars per mile of road operated by said company, three cents per mile; Provided, That in future, whenever the earnings of any company doing business in this State, as reported to the commissioner of railroads at the close of any year, shall increase so as to equal or exceed the sum of two thousand or three thousand dollars per mile of road operated by said company, then in such case said companies shall thereafter,

upon the notification of the commissioner of railroads, be required to only receive as compensation for the transportation of any passenger and his or her ordinary baggage, not exceeding in weight one hundred and fifty pounds, a rate of two cents and a half, or two cents per mile as hereinbefore provided: Provided, That roads in the upper peninsula which report, as above provided, passenger earnings exceeding three thousand dollars per mile, shall not charge to exceed three cents per mile, and roads reporting less than three thousand dollars per mile shall be allowed to charge not to exceed four cents per mile.

APPENDIX "B."

Laws of the State of New York as to Passenger Fares.

The maximum passenger rate of three cents was first inserted in the General Law of 1850, and was incorporated in 1890 in the present railroad law as follows :

" Rates of fare. Every railway corporation may fix and
" collect the following rates of fare as compensation to be
" paid for transporting any passenger and his baggage, not
" exceeding one hundred and fifty pounds in weight, for each
" mile or fraction of a mile.

" 1. Where the motive power is rope or cable, propelled
" by stationary power, five cents, with right to a minimum
" fare of ten cents; but if the railroad is less than two miles
" in length, and overcomes an elevation of five hundred feet
" or more to the mile, five cents for each one hundred feet of
" elevation so overcome, and the same rates of fare if the mo-
" tive power is locomotives, furnished with cogs working into
" cogs on the railway, and the length of road does not exceed
" four miles,

" 2. If a road, not incorporated prior to May 15, 1879, and not located in the counties of New York, and Kings, or within the limits of any incorporated city, and not more than twenty-five miles in length, five cents; if over twenty-five and not more than forty miles, four cents; and if over forty miles, three cents. Where by the laying down of a third rail upon a railroad of the ordinary gauge, a narrow gauge track is created and used for the transportation of passengers, and the length of road does not exceed six miles, including any connecting road of the same gauge, such railroad, for the purpose of fare, shall be deemed a narrow gauge road.

" 3. If its railroad overcomes an elevation of two hundred feet to the mile, for at least two consecutive miles, and does not exceed twenty miles in length, ten cents; if it overcomes an elevation exceeding three hundred feet to the mile, within a distance of two miles, five cents for each one hundred feet of elevation; and where it overcomes an elevation of more than one thousand feet, within a distance of two miles, seven cents for each one hundred feet of elevation in a mile.

" 4. If the line of its road does not exceed fifteen miles in length, and does not enter or traverse the limits of any incorporated city, and the distance travelled thereon by the passenger does not exceed one mile, five cents.

" 5. In all other cases, three cents for every such mile or fraction thereof, with a right to a minimum single fare of not less than five cents.

" This chapter shall not be construed to allow any rate of fare for way passengers greater than two cents per mile to be charged or taken over the track or tracks of the railroad known as the New York Central Railroad Company, and the rate of fare for way passengers over the track or tracks of such company shall continue to be two cents per

“mile and no more, wherever it is restricted to that rate of fare, nor shall any consolidated railroad corporation charge a higher rate of fare per passenger per mile, upon any part or portion of the consolidated line than was allowed by law to be charged by each existing corporation thereon previously to such consolidation.”

With regard to the power to reduce fares, the Legislation is contained in the following section :—

“38. Legislature may alter or reduce fare. The Legislature may, when any such railroad shall be opened for use, from time to time, alter or reduce the rate of freight, fare or other profits upon such road; but the same shall not, without the consent of the corporation, be so reduced as to produce with such profits less than ten per centum per annum on the capital actually expended; nor unless on an examination of the amounts received and expended, to be made by the board of railroad commissioners they shall ascertain that the net income derived by the corporation from all sources, for the year then last past, shall have exceeded an annual income of ten per centum upon the capital of the corporation actually expended.”