

who believed in the efficacy of competition as a regulator were disillusioned. For example, complaints were made that the Grand Trunk gave low through transit rates, say from Chicago to New York, through Canada, and recouped itself by high non-competitive rates in Upper Canada. In 1888 the supervision of rates was given to the Railway Committee of the Privy Council, sitting in Ottawa.

At the turn of the century, two reports were prepared for the Department of Railways and Canals by Professor S. J. McLean, the first setting down the experience of railway commissions in England and the United States, and the second discussing Canadian rate grievances with a recommendation that regulation by commission be adopted in Canada. The second report found that non-competitive rates were exorbitant as compared with competitive ones and that the railways had exercised their right to vary rates without notice, to the great distress of shippers. Among the weaknesses of the Railway Committee as a rate regulating body was its fixed station at Ottawa, which made the cost of appearing before it practically prohibitive. Besides, members of Parliament had no necessary aptitude for dealing with railway rates, and of their two functions—political and administrative—the political was to them the more important.

The Board of Railway Commissioners for Canada, as provided for by the amended Railway Act of 1903, was organized on February 1, 1904. In the beginning, its membership consisted of a Chief Commissioner, a Deputy Chief and one Commissioner. In 1908 the membership was increased by the inclusion of an Assistant Chief Commissioner and two other Commissioners. According to the Act, the Board may be divided into two sections of three, but since any two members constitute a quorum, two commissioners usually hear all but the more important cases, and, agreeing, give the decision of the Board.

The powers of the Commission, in brief, are in matters relating to the location, construction and operation of railways. The most important of these powers has to do with rate regulation. Passenger rates are divided into standard and special, freight rates into standard, special and competitive. Standard rates are maximum rates and the only ones which must be approved by the Board before they are applied. Special and competitive rates, being less than maximum rates, may be applied by railways without the Board's approval, provided that a change of rates has been advertised. But important rate adjustments usually come to the notice of the Commission, for the changed rate alters the extent of the territory in which a shipper can compete and on this account he is apt to appeal the case to the Commission. It is a knotty question to mark the boundaries of competitive areas—to decide whether Nova Scotian manufacturers should be given rates which will allow them to compete west of Montreal, or again, whether high construction and operation costs in British Columbia should enforce a rate which prevents her goods from moving far into the prairies. By an amendment to the Railway Act, the regulation of telephone, telegraph and express rates was given to