

provinces, and the regulation of their rates for service. Among these is the Ontario Department of Municipal Affairs (formerly the Railway and Municipal Board of Ontario, established in 1906), the Quebec Commission of Public Utilities established in 1909, the Nova Scotia Board of Commissioners of Public Utilities, and the Public Utilities Commission of Manitoba. In the three westernmost provinces these same duties are performed by provincial Departments of Railways.

### **The Board of Railway Commissioners for Canada.\***

In the early days of railway building in Canada, the provinces were more concerned with rapid development than with rate regulation. Under the Railway Clauses Consolidation Act of 1851, rates were fixed by the directors of the railway, subject to the approval of the Governor in Council. Beyond this, competition was relied upon to bring rates to a reasonable level. As time went on, however, those 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 assigned 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 Prof. 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 rates 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—legislative and administrative—the legislative 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 Feb. 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 members but, since any two 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 Com-

\*Revised by P. F. Baillargeon, Secretary, Board of Railway Commissioners for Canada.