

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 at 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 might be divided into two sections of three members but, since any two constituted a quorum, two Commissioners usually heard all but the more important cases, and, agreeing, gave the decision of the Board. By the Transport Act (c. 53, 1938) the name of the Board was changed to the Board of Transport Commissioners for Canada and its powers were extended to cover transport by water and by air, as well as by rail. The new Board has the same number of members and form of organization as outlined above for the former Board.

With regard to transport by rail, the powers of the Board, in brief, cover 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 that 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 problem to mark the boundaries of competitive areas—to decide whether Nova Scotian manufacturers should be given rates that would allow them to compete west of Montreal, or again, whether high construction and operation costs in British Columbia should enforce a rate that would prevent 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 the Commission, but with narrower powers than were given to it in dealing with railways. By the Transport Act, the Board now has the power also to issue licences to persons or concerns entitled to engage in transport by air on the air routes declared to be under its jurisdiction by the Governor in Council. Since Jan. 15,