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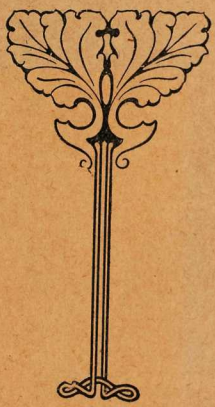
BRITISH COLUMBIA'S FREIGHT RATES

Practical or Political?



W. B. LANIGAN,
General Freight Traffic Manager,
Canadian Pacific Railway,
Montreal, January 1st, 1925.

British Columbia's Freight Rates

Practical or Political ?

To every question there are two sides. Without hearing both no one can reach a just conclusion. The public of the Pacific Province has heard one side of the freight rate controversy and that side, it will be admitted, has not been presented wholly free from political purpose. Calm or rational judgment can hardly be forthcoming under these circumstances.

The application of the Attorney-General of British Columbia, as submitted to the Board of Railway Commissioners and the Privy Council, boiled down to its essentials, is summed up in the concluding paragraph, on page 21, in the following language:—

> "...there is no longer any justification for the higher tolls charged in the Pacific territory, namely, the Province of British Columbia than are charged in the remainder of the territory west of Fort William."

Equalization of rates without equalization of other factors, such as density and character of production, marketing necessities, geographical advantage or disadvantage, topography, population, haulage costs and general conditions is as patent an absurdity as the theory that all men are born equal.

Mr. H. J. Symington, K.C., of Winnipeg, Man., representing the Provinces of Manitoba and Saskatchewan before the Parliamentary Committee to consider railway transportation costs in 1922, put the case succinctly:—

> "In my opinion, the equal treatment of unequal things is just as bad as the unequal treatment of equal things. I have never advanced, either in argument before this Board or before any other tribunal, or by evidence adduced, anything which would lend itself to the suggestion that I have advocated that any particular rate must of necessity be the same for any particular distance East as West."

Canada is naturally divided into three sections with widely differing geographical and topographical features, presenting equally varying characteristics of production, competition, density of traffic, population and marketing necessities. Under these circumstances the application of an equal freight rate structure could only result in serious dislocation of commercial conditions. The problems of each as regards transportation, development and markets are entirely different. There can be no common solution.

Railway lines east of Fort William parallel navigable waters to the Atlantic. They are subject to the competition of adjacent American rails and serve districts largely of an industrial character. These lines not only have a greater density of tonnage and population, but supply, in addition, a large percentage of high class industrial traffic. West of Fort William to the mountains are the Prairie Provinces, vast plains whose principal tonnage is agricultural, mainly grain. That the Pacific Province is mountainous no one will deny. That its population is mainly on the seabord is shown by the Dominion census, while its arable acreage is necessarily limited. The following tables will reflect—first, the comparative population per mile of railway in the three sections; second, the tonnage production per mile of railway, and third, a comparison of the character of the traffic in each section. The population per mile of railway is an indication of passenger and freight producing activity (Table No. 1). The tonnage per mile of railway is the record of production compared with transportation facilities available (Table No. 2). The analysis of traffic shows the wide variety of products which the railways are called upon to handle in the different sections (Table No. 3).

Table No. 1

STATEMENT SHOWING POPULATION, MILES OF STEAM RAILWAYS, NUMBER OF PEOPLE PER MILE OF RAILWAY OF CANADA, BY SECTIONS, AS SHOWN BELOW

	Population		Miles of Steam Railways		No. of people per mile of railway
	No. of people	%	Miles	%	
Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario	5,873,548	69.6%	19,477	50.1%	302
Manitoba, Saskatchewan and Alberta	2,038,435	24.2%	15,100	38.8%	135
British Columbia	523,354	6.2%	4,325	11.1%	121
Total	8,435,337	100.0%	38,902	100.0%	217

Table No. 2

STATEMENT SHOWING TONNAGE ORIGINATED PER MILE OF RAILWAY IN CANADA, BY SECTIONS, AS SHOWN BELOW, FOR YEAR 1922

	Tonnage		Miles of Steam Railways		Tons per mile of Railway
	Tons	%	Miles	%	
Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario	38,081,894	61.1%	19,477	50.1%	1,955
Manitoba, Saskatchewan and Alberta	19,967,127	32.1%	15,100	38.8%	1,322
British Columbia	4,224,148	6.8%	4,325	11.1%	977
Total	62,273,169	100.0%	38,902	100.0%	1,601

TABLE No. 3

STATEMENT OF TRAFFIC ORIGINATED IN THE DIFFERENT PROVINCES OF CANADA
BY ALL RAILWAYS, SEGREGATED UNDER HEADINGS SHOWN BELOW,
FOR YEAR ENDING DECEMBER 31st, 1922

	Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario		Manitoba, Saskatchewan and Alberta		British Columbia		Total	
	Tons	%	Tons	%	Tons	%	Tons	%
Agricultural Products	8,036,631	21.1	12,865,169	64.4	216,447	5.1	21,118,247	33.9
Animal Products	895,376	2.4	697,105	3.5	28,555	.7	1,621,036	2.6
Mine Products	10,122,864	26.6	3,788,254	19.0	1,508,728	35.7	15,419,846	24.7
Forest Products	7,701,423	20.2	775,527	3.9	2,022,259	47.9	10,499,209	16.9
Manufactures and Miscellaneous	11,325,600	29.7	1,841,072	9.2	448,159	10.6	13,614,831	21.9
Total	38,081,894	100.0	19,967,127	100.0	4,224,148	100.0	62,273,169	100.0

With these facts before the reader he can judge whether freight schedules that would meet the problem of markets and necessities for the Eastern or Prairie Provinces would solve the same problem in British Columbia. He may, perhaps, realize the serious results that would inevitably follow any theoretical or mechanical process of rate equalization. Equalization can be, of course, obtained by the simple process of reducing all rates to the level of the lowest regardless of conditions, markets, costs or other factors; or by the more intricate process of raising some and lowering others regardless of the varying necessities of each section. Neither of these can be adopted without upsetting commercial conditions and increasing the difficulties attending the solution of the national railway problem.

Table No. 3 gives exact information of the character of traffic supplied to rail carriers by the Province of British Columbia. The products of mines and forests yielded 83.6% of the whole; agricultural products, 5.1%, of which more than half, or 134,770 tons, consists of fruit, apples and vegetables. Manufactured products yielded 10.6% or 448,159 tons, of which petroleum and petroleum products, 78,288 tons; paper, 3,712 tons; canned goods, including canned fish, 33,886 tons; fish, frozen or cured, 11,448 tons, a total of 117,334 tons, or over one-quarter of the manufactured output. Moreover, rice, which is not included forms a substantial tonnage.

These figures are informative of the natural product of the Province's resources and we will now show, as concisely as possible, the effect the granting of the application of the Province would have on this business, forming as it does, so large a factor in the prosperity and producing activities of the people.

It is, of course, an outstanding fact that the difficulty in marketing British Columbia's products increases as the distance increases. As far as carrying charges on her products are concerned she has no competitor on an equal footing at home or in the neighboring Province of Alberta. It is, however, when these products reach out for distant markets that the competition of other sources of supply is felt. This feature explains the reason for the strenuous opposition of the railways to an application which, if applied to the rate structure of the Province, would effectually restrict its marketing area and prevent the development of the resources tributary to their British Columbia lines. The purpose of to-day's freight schedules is to afford an outlet for her products in the neighboring territory and to enable the Province to reach the larger markets in those distant sections where the majority of the Dominion's population is located.

If the so-called discrimination in freight rates against British Columbia is to be removed it must follow with equal certainty that disparities in the rate structures in their favor must be subject to the same treatment. British Columbia's manufacturing and producing interests will judge whether they are dropping the substance for the shadow; whether their interests are being jeopardized, or whether, as in the past, the lumbering, orchard, mining and canning interests of the Province will continue to solve their problem by conference with the carriers. These interests have taken no part in the freight rate controversy, preferring to conduct their own negotiations with the carrying companies than entrust these important responsibilities to representatives less well qualified by either practical knowledge or experience.

Let us see first how these interests would be affected:—

1. **Orchard Products.**—British Columbia produced and forwarded by rail eastbound from seven to ten thousand tons in excess of the entire Prairie consumption. This surplus finds its market east of the Great Lakes, either local or for export. Had the application been granted, automatically the westbound basis of fruit rates from Fort William would have resulted. The fruit-growing interests of the Province would be confronted with radical advances over current freight rates to markets where they meet the greatest competition and where they require the most consideration. The current schedules have resulted from annual conferences between the growers and carriers to produce the best results in the general develop-

ment. The result of a theoretical or mechanical basis of equalized freight schedules, such as demanded from the Board of Railway Commissioners, would produce advances over current rates as follows:—

Fresh Fruits—

Kelowna to Brandon	(Present rate)	$1.50	per 100 lbs.
Fort William basis		1.61½	" "
Advance		.11½c.	" "
Kelowna to Winnipeg	(Present rate)	1.50	" "
Fort William basis		1.74½	" "
Advance		.24½c.	" "
Kelowna to Montreal–Toronto	(Present rate)	1.87½	" "
Westbound basis		2.73	" "
Advance		.85½c.	" "
Nelson to Brandon	(Present rate)	1.50	" "
Fort William basis		1.52½	" "
Advance		.2½c.	" "

Nelson to Winnipeg would register an advance of 14½c.; to Montreal and Toronto, 80c. per 100 lbs.

From Vancouver, fresh fruit, on the westbound Fort William basis would show to Moose Jaw an advance of 11½c. per 100 lbs., to Saskatoon, 17½c., Regina, 14½c., Brandon, 39c., and to Winnipeg, 59½c. per 100 lbs.

Victoria would pay still greater advances—to Moose Jaw, 17c.; Saskatoon 21c.; Regina, 20c.; Brandon, 47½c., and Winnipeg, 52½c. per 100 lbs. of an advance over current rates. Is it any wonder the fruit interests failed to register any enthusiasm? The Okanagan growers, who are endeavoring to extend the marketing area of their apples will hardly appreciate an advance of 4½c. per 100 lbs. to Winnipeg and 41c. and 47c. respectively to Toronto and Montreal where they are rapidly developing a foothold. Still these advances represent the exact basis paid by Ontario shippers in the reverse direction under what is known as the Crow's Nest basis.

2. **Forest Products** are an important percentage of British Columbia's output. The rates on these commodities are the outcome of conferences with the Pacific and Mountain lumber interests. On the Prairie scale the present rates from Nelson, B.C., would be advanced at Moose Jaw, 1c. per 100 lbs.; to Saskatoon, 5½c.; Regina, 3c.; to Brandon, 7½c. and 11½c. per 100 lbs. to Winnipeg over current rates. Vancouver rates would be advanced to Moose Jaw, 5c.; to Saskatoon, 7c.; to Regina, 7c.; to Brandon, 12½c.; to Winnipeg, 17½c.; to Toronto, 31c. and to Montreal, 37c. over current rates, and this by the adoption of the same scale that applies from lumber mills at Keewatin, Kenora and Fort William to Prairie destinations and to Eastern Canada destinations the same scale as paid to destinations in that territory from mills in Ontario and the Maritime Provinces. From Vancouver Island mills the increases will be still more drastic. For instance, Alberni rates would advance to Edmonton by 2½c.; Medicine Hat, 1½c.; Moose Jaw, 9½c.; Saskatoon and Regina, 10½c.; Brandon, 17c. and Winnipeg, 21c. per 100 lbs. over current rates.

3. **Rice.**—Putting this commodity on the same basis paid by its Montreal competitor to Prairie centres, i.e., Prairie rates west of Fort William, would raise the Vancouver product to Calgary, 11c.; to Lethbridge, 23c.; to Edmonton, 23c.; to

Medicine Hat, 29c.; to Saskatoon, 56c.; to Moose Jaw, 51c.; to Regina, 56c.; to Brandon, 74c.; to Winnipeg, 90c.; to Fort William, $1.08; to Toronto, Montreal and St. John, N.B., $1.67 per 100 lbs. over current rates. A fine prospect for a Vancouver industry at present marketing a large percentage of its product east of the Great Lakes.

4. **Minerals.**—With the exception of the Trail smelter, every industry of this character that has been established in British Columbia has had failure written across its doors. The abandoned ruins of these enterprises still mar the landscape at Boundary Falls, Greenwood, Grand Forks, Nelson and other points. By dint of persistent hanging on, the expenditure of millions on capital account, financial backing that enabled large credits, mineral research and experiment, this enterprise has survived and to-day, for the first time in years, has managed to declare a modest dividend to its patient shareholders of six per cent.

Had the application of the British Columbia Government been granted it would have resulted in raising rates on the product of the Trail smelter from 6½c. at Calgary to 63¼c. at Winnipeg and $1.58 in Eastern Canada over current rates.

5. **Canned Goods.**—Canned salmon is an important item and is included with canned fruit and vegetables. From Victoria these commodities would be subject to an advance to Saskatoon of 4½c.; to Brandon, 31½c.; to Winnipeg, 47½c. per 100 lbs. over current rates, while from Vancouver the advance would represent an increase to Brandon of 22½c.; to Winnipeg, 38½c. and to Fort William, 58½c. per 100 lbs. over current rates.

6. **Fish.**—Fish, smoked, dry salted or pickled from Vancouver and Westminster to Brandon would be subject to an advance of 17½c.; to Winnipeg, 26½c.; to Fort William, 43½c. and to Eastern Canada, 43½c. per 100 lbs. over current rates, and that would be on the basis paid by the Maritime Provinces.

7. **Coal.**—Coal from Coalmont, Princeton and Merritt to Vancouver would advance 60c. and 40c. per ton, respectively, on the Prairie basis and from Fernie to Vancouver, 20c. per ton.

8. **Petroleum Products.**—Petroleum product rates from the Vancouver refinery were not contested by the Imperial Oil Company. They own refineries at Ioco, Calgary, Regina, Montreal and Halifax, and rates on these products are not arranged by the Attorney-General of British Columbia, but by conference between the oil interests and the carriers, both of whom can supply special and expert knowledge of the situation.

The examples cited above represent approximately 87.5% of the tonnage supplied to rail carriers for forwardance from the Pacific Province. It may be suggested that the competition of American carriers and by boat lines through the Panama will have the effect of maintaining the disparity of rates now accorded to British Columbia shipments. First, many of these points are not served by American rails; secondly, as anyone who has followed the proceedings before the Interstate Commerce Commission knows—the lower rates of Canadian carriers are to-day an embarrassing feature to American railways. A few examples will demonstrate this:—

COMPARATIVE STATEMENT OF CLASS RATES FROM VANCOUVER, B.C., TO POINTS IN CANADA, AND FROM SEATTLE, WASH., TACOMA, WASH., AND SAN FRANCISCO, CAL., TO POINTS IN THE UNITED STATES OF CORRESPONDING DISTANCES

Route	FROM	TO	Miles	Canadian Freight Classification—Rates in cents per 100 lbs. 1	2	3	4	5	6
C.P.	**Vancouver, B.C.**	**Kamloops, B.C.**	251	119	98	78	59	53	44
G.N.	Seattle, Wash.	Okanagan, Wash.	257	117	100½	81½	70	59	59
G.N.	Tacoma, Wash.	Naylor, Wash.	251	118½	100½	83½	70	59	59
S.P.	San Francisco, Cal.	Hafed, Nev.	254	116	97½	82½	70½	59½	59½
C.P.	**Vancouver, B.C.**	**Revelstoke, B.C.**	380	149	125	99	75	68	57
G.N.	Seattle, Wash.	Clayton, Wash.	371	149	126½	104	90	74½	74½
G.N.	Tacoma, Wash.	Fort Wright, Wash.	375	139½	118½	97	83½	70	70
S.P.	San Francisco, Cal.	Humboldt, Nev.	378	143½	121	101	87	73	73
C.P.	**Vancouver, B.C.**	**Nelson, B.C.**	499	180	150	120	90	81	69
G.N.	Seattle, Wash.	Libby, Mont.	497	182	155	126½	108½	92	92
G.N.	Tacoma, Wash.	Katka, Ida.	496	176	149	124	106	89	89
S.P.	San Francisco, Cal.	Ladoga, Nev.	504	171	144½	120½	103½	87	87
C.P.	**Vancouver, B.C.**	**Calgary, Alta.**	642	219	183	145	110	98	84
G.N.	Seattle, Wash.	Doody, Mont.	643	227	193	159½	137	114½	114½
G.N.	Tacoma, Wash.	Vista, Mont.	647	215½	182½	151	129½	108½	108½
S.P.	San Francisco, Cal.	Valley Pass, Nev.	641	216½	180	154	129½	108½	108½
C.P.	**Vancouver, B.C.**	**Fernie, B.C.**	672	230	192	153	116	104	90
G.N.	Seattle, Wash.	Highgate, Mont.	672	229½	196	160	137½	115	115
G.N.	Tacoma, Wash.	Egan, Mont.	672	225	191½	157½	135	112½	112½
S.P.	San Francisco, Cal.	Tacoma, Nev.	669	216½	180	156½	129½	108½	108½
C.P.	**Vancouver, B.C.**	**Edmonton, Alta.**	774	249	207	166	125	112	96
G.N.	Seattle, Wash.	Dunkirk, Mont.	775	254½	216½	179	153½	128½	128½
G.N.	Tacoma, Wash.	Seville, Mont.	771	242	205	169	145½	121	121
U.P.	San Francisco, Cal.	West Weber, Utah	777	216½	180	162½	129½	108½	108½
C.P.	**Vancouver, B.C.**	**Medicine Hat, Alta.**	818	257	215	171	128	116	99
G.N.	Seattle, Wash.	Joplin, Mont.	819	260½	221	182½	156½	131	131
G.N.	Tacoma, Wash.	Telstad, Mont.	818	254½	216½	179	153½	128½	128½
S.P.	San Francisco, Cal.	Henefer, Utah	819	216½	184½	162½	135	112	112

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Route	FROM	TO	Miles	Canadian Freight Classification—Rates in cents per 100 lbs. 1	2	3	4	5	6
C.P.	**Vancouver, B.C.**	**Swift Current, Sask.**	957	287	240	192	143	129	113
G.N.	Seattle, Wash.	Malta, Mont.	958	306½	260½	215½	184½	153½	153½
G.N.	Tacoma, Wash.	Matador, Mont.	957	291½	247½	204½	174½	146½	146½
U.P.	San Francisco, Cal.	Green River, Wyo.	959	333½	286	247	205	173½	166½
C.P.	**Vancouver, B.C.**	**Moose Jaw, Sask.**	1067	305	254	201	153	138	122
G.N.	Seattle, Wash.	Wolf Point, Mont.	1073	344½	292½	242	207	173½	173½
G.N.	Tacoma, Wash.	Whately, Mont.	1068	332	283	232	200	166	166
U.P.	San Francisco, Cal.	Cherokee, Wyo.	1071	366	317	267½	225	197	197
C.P.	**Vancouver, B.C.**	**Regina, Sask.**	1109	314	261	209	158	141	126
G.N.	Seattle, Wash.	Brocton, Mont.	1108	351½	299½	246½	211	176	176
G.N.	Tacoma, Wash.	Wolf Point, Mont.	1112	344½	292½	242	207	173½	173½
U.P.	San Francisco, Cal.	Walcott, Wyo.	1114	366	317	267½	225	197	197
C.P.	**Vancouver, B.C.**	**Saskatoon, Sask.**	1120	314	261	209	158	141	126
G.N.	Seattle, Wash.	Blair, Mont.	1122	354½	301	247½	213	177½	177½
G.N.	Tacoma, Wash.	Macon, Mont.	1117	346	294½	242	208½	173½	173½
U.P.	San Francisco, Cal.	Edson, Wyo.	1119	366	317	267½	225	197	197
C.P.	**Vancouver, B.C.**	**Brandon, Man.**	1333	353	294	234	176	158	146
G.N.	Seattle, Wash.	Denbigh, N.D.	1334	450	390	330	275	240	240
G.N.	Tacoma, Wash.	Gassman, N.D.							
U.P.	San Francisco, Cal.	Kimball, Neb.	1331	420	363	308	255	225	225
C.P.	**Vancouver, B.C.**	**Winnipeg, Man.**	1466	372	311	251	188	171	155
G.N.	Seattle, Wash.	Karnak, N.D.	1467	450	390	330	275	240	240
		St. Paul, Minn.	1776						
G.N.	Tacoma, Wash.	Grace City, N.D.	1466						
		St. Paul, Minn.	1817						
U.P.	San Francisco, Cal.	Dexter, Neb.	1468	420	363	308	255	225	225

COMPARATIVE STATEMENT OF CLASS RATES FROM VANCOUVER, B.C., TO POINTS IN CANADA, AND FROM SEATTLE, WASH., TACOMA, WASH., AND SAN FRANCISCO, CAL., TO POINTS IN THE UNITED STATES OF CORRESPONDING DISTANCES

Route	FROM	TO	Miles	Canadian Freight Classification—Rates in cents per 100 lbs. 1	2	3	4	5	6
C.P.	**Vancouver, B.C.**	**Fort William, Ont.**	1885	413	338	264	206	185	167
G.N.	Seattle, Wash.	Mission Hill, S.D.	1887	450	390	330	275	240	240
T.C.	Seattle, Wash.	Duluth, Minn.	1804						
G.N.	Tacoma, Wash.	Lennox, S.D.	1887						
T.C.	Tacoma, Wash.	Duluth, Minn.	1844						
U.P.	San Francisco, Cal.	St. George, Kan.	1885	420	363	308	255	225	225
C.P.	**Vancouver, B.C.**	**Toronto, Ont.**	2698	552½	453	358½	281½	242	220
T.C.	Seattle, Wash.	Pittsburgh, Pa.	2662	540	465	390	330	277½	281
		Buffalo, N.Y.	2714						
T.C.	Tacoma, Wash.	Pittsburgh, Pa.	2703						
T.C.	San Francisco, Cal.		2747						
C.P.	**Vancouver, B.C.**	**Montreal, Que.**	2882	552½	453	358½	281½	242	220
T.C.	Seattle, Wash.	Philadelphia, Pa.	2999	555	480	398	338	285	288
T.C.	Tacoma, Wash.		3040						
T.C.	San Francisco, Cal.		3096						
C.N.	**Vancouver, B.C.**	**Halifax, N.S.**	3589	580½	478	379½	299½	256	233
T.C.	Seattle, Wash.	New York, N.Y.	3102	555	480	398	338	285	288
		Boston, Mass.	3217						
		Portland, Me.	3325						
T.C.	Tacoma, Wash.	New York, N.Y.	3143						
T.C.	San Francisco, Cal.	Portland, Me.	3410						

COMPARISON OF EXPORT GRAIN RATES TO VANCOUVER, B.C., FROM CANADIAN PACIFIC RAILWAY STATIONS, WITH THOSE TO SEATTLE, WASH., FROM EQUI-DISTANT POINTS IN THE UNITED STATES

Railroad	FROM		TO		Miles	Rates in Cents per 100 lbs. Wheat	Barley, Oats and Rye
C.P.	Calgary	Alta.	Vancouver	B.C.	642	22½	22½
G.N.	Doody	Mont.	Seattle	Wash.	643	32	38½
C.P.	Lethbridge	Alta.	Vancouver	B.C.	769	23½	23½
G.N.	Shelby	Mont.	Seattle	Wash.	766	32	38½
C.P.	Edmonton	Alta.	Vancouver	B.C.	774	22½	22½
G.N.	Dunkirk	Mont.	Seattle	Wash.	775	32	38½
C.P.	Medicine Hat	Alta.	Vancouver	B.C.	818	24½	24½
G.N.	Joplin	Mont.	Seattle	Wash.	819	32	38½
C.P.	Swift Current	Sask.	Vancouver	B.C.	957	26	26
G.N.	Malta	Mont.	Seattle	Wash.	958	43	43
C.P.	Moose Jaw	Sask.	Vancouver	B.C.	1067	28	28
G.N.	Oswego	Mont.	Seattle	Wash.	1062	45	45
C.P.	Regina	Sask.	Vancouver	B.C.	1109	28½	28½
G.N.	Brockton	Mont.	Seattle	Wash.	1108	46	46
C.P.	Saskatoon	Sask.	Vancouver	B.C.	1120	28½	28½
G.N.	Calais	Mont.	Seattle	Wash.	1113	46	46
C.P.	Fleming	Sask.	Vancouver	B.C.	1255	30	30
G.N.	Palermo	N.D.	Seattle	Wash.	1255	52	47

Many other examples of the same character may be cited.

American railways are naturally more interested in the development of the 100% territory they serve in the United States, rather than the paltry mileage they have in Canada.

How about boat service between Vancouver and Eastern Canada? A boat service by a Canadian marine between Canadian Atlantic and Pacific ports, via the Panama, is a legitimate Canadian enterprise, developing Canadian merchant marine and utilizing the millions that have been spent both by public and private enterprise on Canadian harbors and Canadian vessels. To realize its fullest measure of benefit it will require the co-operation of Canadian rails. Can the latter be expected to extend this co-operation to a service via New York which will give to American carriers 85% of the Eastern rail haul? Both the Canadian National and Canadian Pacific have already offered to co-operate with any responsible Canadian marine interest establishing a permanent service. However, only a part of the traffic can afford, in any event, to avail itself of the slower and less frequent service supplied by the boats. Prairie and other inland interests using British Columbia products could reap but little benefit. It may well be that Canadian rail carriers would prefer to meet water competition at Calgary and Edmonton and other inland points rather than at Vancouver, catering only to such traffic to and from the Coast as required rail service, but at rates proportionate to those that now apply to and from Calgary and Edmonton. This would, of course, be followed by a revision east and westbound of the low rail trans-continental and preferential commodity rates that now apply to and from the Coast cities.

The claim has been repeatedly put forward by those representing the Government of the Province of British Columbia that the Canadian Pacific statement in regard to the additional cost of operation through the mountains has been proven by statistics to be absolutely without foundation. What are the facts? The first investigation was in 1906, when the Board under the late Mr. Justice Killam, found by all tests the cost of operation and maintenance of the railway through the mountains was very much greater than on the Prairies. Dealing with disparity of rates in different sections, the Judgment says:—

> "It appears to me that no inference can be drawn from a mere comparison of distances upon different portions of railways and that it does not constitute discrimination—much less unjust discrimination—for a railway company to charge higher rates for shorter distances over a line having small business or expensive in construction, maintenance or operation than over a line having large business or inexpensive in construction, maintenance and operation."

In the Western Rate Case, an enquiry extending over three years and dealing with every phase of the western rate situation, Sir Henry Drayton, then Chief Commissioner, in giving his Judgment in 1914, said:—

> "Beyond question, both the initial construction and railway operation through the mountains are much more expensive than operation on the Prairies. It is not contended on behalf of British Columbia that operation through the mountains is not much more expensive. The extended calculations made by the Canadian Pacific are not challenged. As a matter of fact, it would not appear that they could be."

Up to this time the Board had directed its attention only to a comparison of costs on the mountain and prairie sections of the Canadian Pacific.

In 1920, on an appeal, the Privy Council decided that no practical system of rates could make the National lines for a long time a financial success and directed the Board to ignore the requirements of the Canadian National in the investigation which followed. The public is familiar with the decision of the Board of Railway Commissioners that resulted in 1922 after nearly two years investigation as to rate equalization.

The evidence of the Canadian Pacific Railway as to comparison of operating costs is outlined in the following:—

OPERATING EXPENSES AND COSTS, BY DISTRICTS, LINES WEST, YEAR 1920

DISTRICTS	Per Train Mile	Per Car Mile	Per Gross Ton Mile
Manitoba	$3,558	$0.137	$0.00333
Saskatchewan	3,162	0.149	0.00375
Alberta	3,362	0.146	0.00366
British Columbia	4,560	0.215	0.00521
Lines West	3,571	0.153	0.00377
Lines West, exclusive of British Columbia	3,386	0.143	0.00352
Percentage of increased cost on British Columbia District over balance of Lines West	34.67%	50.35%	48.03%

YEAR 1921

Manitoba	$3,757	$0.134	$0.00327
Saskatchewan	3,309	0.162	0.00405
Alberta	3,318	0.158	0.00394
British Columbia	4,528	0.232	0.00552
Lines West	3,664	0.158	0.00388
Lines West, exclusive of British Columbia	3,503	0.148	0.00363
Percentage of increased cost on British Columbia District over balance of Lines West	29.27%	56.77%	52.07%

For the reader's information a gross ton represents the combined weight of a car and its contents. Perhaps a clearer outline can be obtained from a comparison of engine performance. For this purpose the engine capacity is reduced to a common factor of 100%.

AVERAGE LOAD PER 100% CAPACITY LOCOMOTIVE, YEARS 1920-1921 (IN TONS)

Year	Manitoba	Saskatchewan	Alberta	British Columbia	Lines West	Lines West, exclusive of British Columbia
1920	618	538	471	373	512	547
1921	627	526	446	357	507	530

Mr. Hayes, Vice-President of the Canadian National, testifying on behalf of that Company, said their problem was the difficult one of providing sufficient revenue to take care even of a small part of their fixed expenses in British Columbia incurred in building their line through the mountains, let alone operating cost through the undeveloped territory intervening west of the Alberta border. He pointed out the greater distance involved to obtain their lower gradients—Calgary, via C.P.R., is 642 miles from Vancouver; Edmonton, via C.N.R., is 771 miles, difference 129 miles, equivalent to a full operating district. He gave figures to show that comparing main line mileage through British Columbia and on the Prairies their annual fixed charges were in the ratio of approximately three and one-half to one

per mile of line. The greater mileage had to be constructed to avoid heavy gradients. The distance, Vancouver to Calgary, via C.N.R. is 1,037 miles. The folly of basing freight rates on the lower gradients of the Canadian National Railways and the shorter distances of the Canadian Pacific must be apparent.

Were these **facts** controverted? An unsuccessful attempt was made by introducing the evidence of an engineer, Mr. Lewis, who, however, was forced, under cross-examination by Counsel for the Winnipeg Board of Trade and the Provinces of Manitoba and Saskatchewan, to admit the higher operating costs on the Canadian Pacific British Columbia lines as compared with the Prairies. He admitted he had neither operating or traffic experience, and practically his sole contribution was an example of a hypothetical train with equally hypothetical costs. Facts cannot be controverted by theories.

In its Judgment the Board disposed of the matter in the following terms:—

> "It is admitted by Counsel for the Province of British Columbia that the costs are still higher on the British Columbia division than on the Prairie divisions. He refers, however, to costs east of the Great Lakes as supporting his contentions. As set out herein, it does not appear that deductions from the experience of other sections whose rates are dominated by water and United States railway competition can be controlling here."

When the Government of British Columbia endorsed the obligations of the Canadian Northern Pacific Railway it retained control of rates on that system, both through and local. It surrendered the control without protest when that line was absorbed by the Canadian National and declared for the general benefit of Canada. The control could have been retained but with it the responsibility. Had the Province retained the rate control any resulting deficits of the system in earning its bonded indebtedness would have been charged to the tax-payers of the Province, or, as an alternative, rates approved sufficient to produce a net earning over operating expenses to meet these obligations.

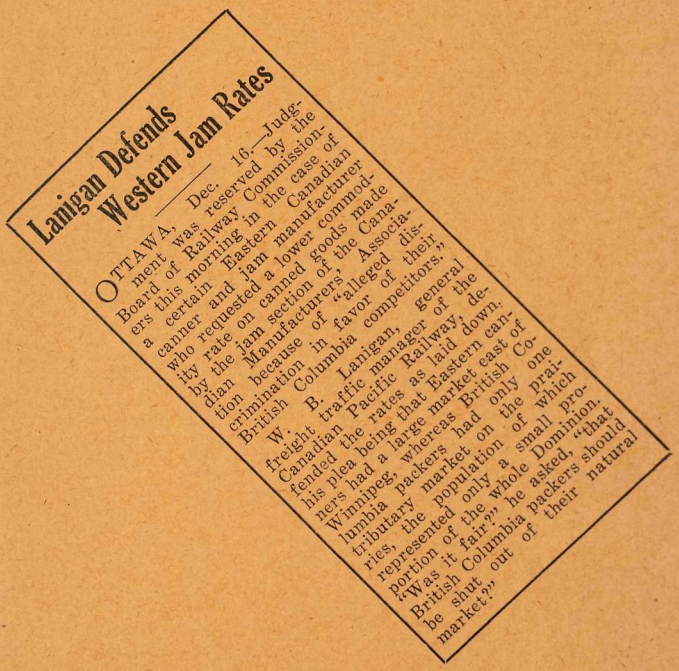
There is an outstanding example in the Pacific Great Eastern Ry. which has not been taken over, whose bonded obligations were endorsed by the Province and whose deficits remain a burden to the tax-payer. It has not been declared for the benefit of Canada. The Province retains control of the rates and the result is shown by rate comparisons with those governing locally on the Canadian National and Canadian Pacific Railways.

STATEMENT SHOWING COMPARISON OF STANDARD MILEAGE CLASS RATES IN EFFECT ON THE PACIFIC GREAT EASTERN RY. WITH THOSE IN EFFECT ON THE CANADIAN PACIFIC AND CANADIAN NATIONAL RAILWAYS IN BRITISH COLUMBIA

Miles		CLASSES—In Cents per 100 lbs. 1	2	3	4	5	6	7	8	9	10
50	P.G.E.	69	57	47	35	32	27	21	23	26	18
	C.P.R.-C.N.R. B.C. Scale	53	44	35	27	24	23	17	18	20	14
100	P.G.E.	102	86	69	51	47	39	29	30	39	24
	C.P.R.-C.N.R. B.C. Scale	81	68	54	39	36	30	23	26	30	20

Miles		CLASSES—In Cents per 100 lbs									
		1	2	3	4	5	6	7	8	9	10
200	P.G.E.	158	132	105	80	72	60	42	44	60	35
	C.P.R.-C.N.R. B.C. Scale	119	98	78	59	53	44	32	35	44	26
300	P.G.E.	210	176	140	105	93	80	56	56	80	47
	C.P.R.-C.N.R. B.C. Scale	152	126	102	77	69	57	41	42	57	35
400	P.G.E.	254	212	168	128	115	99	69	65	101	59
	C.P.R.-C.N.R. B.C. Scale	183	152	122	92	83	71	48	48	71	41

An examination of the figures of the Dominion Bureau of Statistics at Ottawa will show that the advantage of recent rate reductions to the people of the Province was infinitesimal. Rail reductions on grain for export were promptly absorbed by increases in port charges and advances in ocean rates. The Prairie freight schedules, even if applied, could not have resulted in reductions on the orchard, forest and mining products of the Province, or on rice, petroleum, paper, fish, canned goods, woodpulp that form so large a part of the Province's industrial output to the more distant and highly competitive markets where these interests require the most consideration, which the carriers' freight schedules have fostered. The assertion that the carriers, with a larger capital investment in British Columbia than in any other section of the Dominion have endeavoured to prevent its development does not carry conviction to any intelligent business man. The railways have the greatest incentive—that of self interest—to work in the direction of development of the territory tributary to their lines. Any other policy would be suicidal. The objective can only be reached and practical results obtained now, as in the past, by conference between the carriers and their patrons; in other words by those directly interested. Any other process is purely theoretical, has already been without issue, and must mean dropping the substance for the shadow with disastrous consequences, both to the Province and to the carriers serving its interests.



Lanigan Defends Western Jam Rates

OTTAWA, Dec. 16.—Judgment was reserved by the Board of Railway Commissioners this morning in the case of certain Eastern Canadian canner and jam manufacturer who requested a lower commodity rate on canned goods made by the jam section of the Canadian Manufacturers' Association because of "alleged discrimination in favor of their British Columbia competitors."

W. B. Lanigan, general freight traffic manager of the Canadian Pacific Railway, defended the rates as laid down. his plea being that Eastern canners had a large market east of Winnipeg, whereas British Columbia packers had only one tributary market on the prairies, the population of which represented only a small proportion of the whole Dominion. "Was it fair?" he asked, "that British Columbia packers should be shut out of their natural market?"

Extract from "The Vancouver Province", December 16th, 1924.