

# Railway Rates Commission.

## REPORT

OF THE

# RAILWAY RATES COMMISSION.

[39]

MONTREAL, 7th May, 1895.

Hon. JOHN HAGGART, Minister of Railways and Canals, Ottawa, Ontario.

SIR,—In accordance with your instructions of the 15th of November last, your commissioners proceeded to Manitoba and the North-west Territories, to take evidence in the matter of complaints "of exorbitant and unreasonable passenger and freight rates and of discrimination in both in the province of Manitoba and the North-west Territories" preferred by the Legislative Assembly of the North-west Territories, the Central Farmers' Institute and others.

Your commissioners met at Winnipeg on the 20th of November and settled as to the procedure. In informal meeting was afterwards held at which Mr. J. H. Ashdown, chairman of a committee appointed by the Board of Trade, to present their case, was present. In the absence of the secretary of the Board of Trade, Mr. Ashdown could not name a date for a hearing. On the following day a notice was inserted in all the Winnipeg daily newspapers, as follows:—

### "NOTICE.

"The commissioners appointed by the Dominion Government to inquire into the charges concerning railway rates in Manitoba and the North-west Territories are now in Winnipeg and request that all parties who desire to be heard in this matter will at once put themselves in communication with the undersigned.

"H. H. SCHAEFER, *Secretary.*"

On the 23rd another informal meeting was held, at which Mr. Ashdown was present. He was not ready to proceed. He stated that he had been in consultation with the Hon. Mr. Greenway and other members of the Local Government, and asked that a formal meeting be held on Monday the 26th, following. He could not state definitely that they would be ready to proceed. However, your commissioners decided to accede to their request, and gave notice for a formal meeting for the 26th instant.

On that date a formal meeting was held at the City Hall, Winnipeg. The commission, and instructions appointing the commissioners were read, and the meeting declared open for business by the chairman. Mr. J. H. Ashdown appeared for the Winnipeg Board of Trade and asked for an adjournment for two weeks. The Hon. J. D. Cameron, Provincial Secretary for the province of Manitoba, also appeared and stated that the case for the province would not be ready for presentation for some weeks.

The request for delay was granted and forthwith a circular was issued stating the points at which it was proposed to hold sessions. The purport of this circular with dates on which it was proposed to hold sessions at Morris, Morden, Pilot Mound, Bois-savain and Melita was telegraphed on the 26th of November to several of the leading citizens at those points, and also to prominent individuals at Emerson, Grétna, Plum Coulee, Manitou, Crystal City, Deloraine and Napinka. To the remainder the circular was mailed on the 27th and 28th November. A copy of this circular and a list of the number of the persons notified at each point will be found in Appendix A.

On the 28th your commissioners left Winnipeg and visited Morris the same afternoon, where notice of the meeting had been given by telegraph and circular as above. They remained there until the evening of the next day. As there was no evidence offered, your commissioners interviewed the most important business men of the town, who expressed themselves as satisfied with the rates, and stated that they had no complaints to make.

Between the 28th of November and the 12th of December following, sessions were held at

Morden,  
Pilot Mound,  
Boissevain,  
Melita,  
Glenboro',

Carberry,  
Brandon,  
Virden,  
Portage la Prairie.

A full report of the evidence taken at these places will be found in Appendix D.

The fullest opportunity was given all parties to come forward and present their complaints. Where persons had complaints which they did not care to make under oath, your commissioners invited an expression of opinion orally or in writing. These statements have, where they had any bearing on the subject under discussion, been reported in full; and are attached to the evidence taken at the several places.

The evidence given at the above named places, in the opinion of your commissioners, does not require to be dealt with in detail. The various cases cited have been answered in detail by Mr. Kerr in his sworn evidence. The complaints made are generally in line with those presented by the Manitoba Government and the Winnipeg Board of Trade, which will be taken up further on.

On the 13th and 14th of December, 1894, sessions were held at the City Hall, Winnipeg, at which the evidence of the Board of Trade was presented by Mr. J. H. Ashdown, representing that body. See Appendix D and Exhibits.

Hon. J. D. Cameron, Provincial Secretary, was present on behalf of the Manitoba Government. He expressed himself as desirous of an adjournment until after the Christmas holidays, when he would be better prepared to submit their case. Premier Haultain, of the North-west Territories, also expressed a similar wish and an adjournment was therefore decided upon.

After the Christmas holidays the commission resumed its sitting at the City Hall, Winnipeg, on the 21st of January, 1895. An elaborate statement was submitted by the Hon. J. D. Cameron on behalf of the Provincial Government of Manitoba.

Mr. James Elder, president, and Mr. R. E. Leach, secretary, also presented statements on behalf of the Manitoba Central Farmers' Institute. A full report of these statements is to be found in Appendix D and Exhibits attached.

Sessions were afterwards held throughout the country districts of Manitoba and the North-west Territories, as follows:—

Wawanese, January 24th; Neepawa, January 26th; Prince Albert, January 30th; Edmonton, February 5th; Calgary, February 9th. See Appendix D and Exhibits attached.

Due notice was given of sessions to be held at Moosomin on January 28th, and at Regina at a later date. Your commissioners visited both of these places and remained one day at the former town and two days at the latter. No arrangement had been made to submit evidence at either appointment. An impression appeared to exist that their complaints had been fully covered in the cases submitted by the Manitoba Government and the Winnipeg Board of Trade, and that any further evidence would be merely a repetition of that already received by your commission.

Birtle, Grenfell and Hamiota having advised your commissioners that a session at those points was not desired, and after the failure to furnish evidence at Moosomin it was decided not to hold sessions at the following points unless specially requested so to do, viz., Indian Head, Lethbridge, Macleod, Moose Jaw, Red Deer, and Wetaskiwin. Notice to that effect was forwarded to several of the leading citizens at the points named. No request to hold a session at any of the said points was received from any of them.

## Railway Rates Commission.

As the statement submitted by the Hon. J. D. Cameron on behalf of the Manitoba Government practically covers and comprises all the serious complaints that had been presented from time to time in regard to alleged excessive and exorbitant freight and passenger rates in Manitoba and the North-west, your commissioners propose to deal with it somewhat fully; and having done so it will not be necessary to take up the individual cases presented at various points throughout the country, at least where the complaints are of the same character as those set forth in the Manitoba Government case.

Mr. Cameron sets forth "that the prosperity of the province depends in a large measure upon their being charged the lowest possible rates on the carriage of products, produce and merchandise, into, out of, and from point to point in the province."

He goes on to say that "In disputing the statements that have been made on the subject of freight rates the (C.P.R.) company has frequently, in making comparison between rates on American lines and its own quoted in the latter case rates from certain points upon traffic which is neither offered nor carried" \* \* \* "and comparisons based on these are therefore illusory."

Mr. Cameron then submits a statement of comparative freight rates, comprising some five hundred references taken from the tariffs of railways in Canada and the United States.

These comparisons were explained and commented upon at considerable length, as will be seen on reference to his statements, Appendix D. He contends that inasmuch as the line from Fort William to Winnipeg was practically built and presented to the Canadian Pacific Railway Company by the Dominion Government free of encumbrance that the rates on this division should be on the lowest possible basis consistent with its proper maintenance.

Views are expressed as to the effect of the reduction of rates on the revenues of the company and many other matters are touched upon that, in the opinion of your commissioners do not properly come within the scope of their instructions.

These contentions and expressions of opinion are filed with his statement and have been replied to by the Vice-President of the Canadian Pacific Railway Company. See Appendix C.\*

As to the comparison submitted accompanying the Manitoba Government case it would appear to your commissioners that rates have not been quoted where "actual traffic is offered and carried" to any large extent.

Your commissioners are of the opinion that no fair comparisons of rates can be made between railways traversing a sparsely-settled country in the west, having very light local traffic, with railways passing through a comparatively old and thickly-settled country with large and numerous populous centres, either in Canada or the United States, and agree with General Freight and Passenger Agent Kerr in his statement that "it is well known to everyone who has studied the case that density of population with volume of tonnage carried, with a fairly even balance of loaded trains hauled in both directions are the most important factors in determining what are reasonable rates on any railway wherever located."

In the first schedule accompanying the Manitoba Government case a comparison of rates is made between Glenboro and Austin, Manitoba, and Fort William, as against Chicago to Toronto. Austin and Glenboro are two small farmers' shipping points on the Canadian Pacific Railway, one hundred miles west of Winnipeg, and Chicago is probably the greatest grain market and grain distributing centre on the continent.

Comparisons between such points are of no practical use whatever as a guide to ascertaining the relative conditions of the farmers in the American and Canadian North-west. In reply to this the Canadian Pacific Company quote a comparison of rates between Sauk Center and Albany, Minnesota, 528 and 507 miles from Chicago. These places are only about 180 miles from Duluth on Lake Superior, and it is not probable that any grain grown here finds its way to Chicago, and therefore this comparison does not seem a fair one.

\* He also replies fully to assertions made by the Russell Lodge (Manitoba) Patrons of Industry, presented by their President, Senator Boulton.

For purpose of comparisons of rates it would seem to your commissioners that on the Canadian Pacific, Great Northern and Northern Pacific Railways the conditions actually governing transportation are more nearly similar than on any other lines that can be selected. They each extend from Lake Superior to the Pacific Ocean and, in the main, traverse a sparsely settled-country, the products of which are the same on each line. Each also carries a proportionate amount of through traffic.

Wheat, live stock, coal, general merchandise, agricultural implements, and dairy products cover a very large proportion of the traffic "offered and carried" on all three roads.

Attached hereto will be found a map showing the approximate locations of these lines, extending from Lake Superior to the Pacific Coast.

Your commissioners have prepared schedules showing a comparison of rates on traffic in the commodities above enumerated, that, as far as they can ascertain is actually "offered and carried" on all lines between the points named. Where the traffic is transported from the farms to the shipping ports or merchandise from the shipping ports to the farms, the through rates are given both east and west:—

## COMPARISON OF GRAIN RATES.

FROM	Miles.	C. P. R. to F. William.	G. N. R. to Duluth.	N. P. R. to Duluth.	Miles.	C. P. R. to Montreal.	G. N. R. to New York.	N. P. R. to New York.
		cts.	cts.	cts.		cts.	cts.	cts.
Portage la Prairie.....	482	18	—	—	1,480	46	—	—
Pembina, N. D.....	377	—	—	18	1,727	—	—	48
Neche, N. D.....	453	—	18	—	1,706	—	48	—
Brandon.....	559	19	—	—	1,557	47	—	—
Jamestown, N. D.....	397	—	—	19	1,617	—	—	49
Crystal, N. D.....	438	—	19	—	1,691	—	49	—
Deloraine.....	628	21	—	—	1,626	49	—	—
Leeds, N. D.....	415	—	—	22	1,765	—	—	52
Bottineau, N. D.....	462	—	21	—	1,815	—	51	—
Morden.....	507	18	—	—	1,505	46	—	—
Drayton, N. D.....	348	—	—	18	1,698	—	—	48
Manvel, N. D.....	392	—	18	—	1,645	—	48	—
Boissevain.....	608	20	—	—	1,606	48	—	—
Sykeston, N. D.....	363	—	—	20	1,715	—	—	50
Millton, N. D.....	464	—	20	—	1,717	—	50	—
Killarney.....	590	20	—	—	1,588	48	—	—
New Rockford, N. D.....	366	—	—	20	1,716	—	—	—
Michigan City, N. D.....	432	—	20	—	1,685	—	50	—
Glenboro.....	531	19	—	—	1,529	47	—	—
Carrington, N. D.....	350	—	—	19	1,700	—	—	49
Edinburgh, N. D.....	452	—	19	—	1,705	—	49	—
Regina.....	782	23	—	—	1,780	51	—	—
Minot.....	684	—	26	—	1,837	—	56	—
Dickinson, N. D.....	523	—	—	27	1,873	—	—	57

Tariff Reference:—C.P.R., 236; G.N.R., 250; N.P.R., 2,196; Sp. Cir., 246.

The foregoing comparison is made for points having practically the same rate from Lake Superior ports, the places on all systems are grain-producing points from which it is actually "offered and carried" in considerable quantities.

## Railway Rates Commission.

It will be observed that the mileage on the Canadian Pacific is very considerably greater than that on the Great Northern or Northern Pacific. Very little grain is grown on the American lines at points more than 500 miles distant from Duluth, and the comparisons have, therefore, not been carried further.

As to the through rates quoted the comparisons are in favour of the Canadian Pacific Company, but, as it has been shown that the through all rail shipments form an insignificant portion of the traffic (less than two per cent), little importance may be attached to these comparisons. When the grain reaches the lake ports, Duluth and Fort William, it is opened to the severest possible competition in which the railways have no interest whatever. Owing to the enormous lake tonnage offering at Duluth, as compared with Fort William, lake rates are said to be from one-eighth to one-quarter of a cent per 100 pounds in favour of the former port. As the volume of Canadian traffic increases, this small difference will probably disappear. The price paid the farmer for his wheat in the west is always based on lake and rail rates to shipping ports such as Montreal, Boston or New York, and are in no way affected by the all rail rates quoted.

As there is practically no wheat raised for shipment east of Winnipeg, fair comparisons cannot be made of rates of the Canadian Pacific Railway for distances of less than 450 miles west of Lake Superior, with rates on American lines in corresponding territory. Fargo, as a wheat centre, situated on the borders of Minnesota and North Dakota, has an advantage of about 270 miles in distance from Duluth, as compared with Portage la Prairie as a wheat centre in Manitoba.

It is maintained in Manitoba that the rate on the Canadian Pacific Railway from Brandon to Fort William should be as low as the rate on the Northern Pacific from Fargo to Duluth. This does not appear to your commissioners to be a reasonable contention as, if carried out, it would mean that the Canadian Pacific Railway Company should carry grain at the rate of  $\frac{2}{100}$ ths of a cent per ton per mile, a rate which would not nearly cover the actual cost of transport.

The rate from Fargo to Duluth, a distance of 213 miles by the Northern Pacific, is  $15\frac{1}{2}$  cents per 100 pounds, as compared with the rate of 18 cents per 100 pounds from Portage la Prairie to Fort William, a distance of 482 miles. This gives the farmer at Fargo on the American side, owing to his geographical position, an advantage of  $2\frac{1}{2}$  cents per 100 pounds, or  $1\frac{1}{2}$  cents per bushel, over his Canadian neighbour. It will be seen, however, compared on a mileage basis, that the rate on the Canadian Pacific is  $\frac{7}{100}$ ths of a cent per ton per mile as compared with the rate of  $1\frac{4}{100}$ ths of a cent per ton per mile on the American line.

As having a bearing on the matter under discussion, it may be of interest to refer to the case of Steenerson, of Crookston, Minnesota, against the Great Northern Railway Company, as published in the Annual Report of the Commissioners of Railways for North Dakota for the year 1894. In the autumn of 1894, the Railway Commissioners of the state of Minnesota, after having had the subject before them for about a year, fixed a schedule of rates as follows. This decision was resisted by the railroad companies and is still in the courts.

Schedule fixed by the Dakota Railway Commissioners:—

Miles.	Rate per 100 lbs. Cts.
50 and over 45 .....	7·4
100 " 95 .....	9·4
150 " 145 .....	11·4
200 " 195 .....	12·7
250 " 245 .....	13·7
300 " 295 .....	14·7
350 " 345 .....	15·7
400 " 395 .....	16·7

It will be observed that for each 50 miles of distance above 200 there is an increase in rate authorized of 1 cent per 100 lbs., which is equal to  $\frac{1}{10}$ ths of a cent per ton per mile, which increment of increase would appear to be fair to continue to any

distance, as the bare cost of transportation would equal at least that figure, and if applied to the points quoted on the Canadian Pacific would give rates as follows:—

Point.	Miles.	Rate as per above schedule.	
		Tariff 236 Rate as per C. P. R.	Cts.
Portage la Prairie.....	482	18' 4	18
Brandon.....	559	19' 8	19
Deloraine.....	628	21' 3	21
Boissevain.....	608	20' 9	20
Killarney.....	590	20' 5	20
Glenboro.....	531	19' 4	19
Regina.....	782	24' 4	23
Edmonton.....	1459	27' 9	33
Prince Albert.....	1029	29' 3	32
		211' 9	205

Or an average of  $3\frac{1}{2}$  per cent over C. P. R. rates.

## LIVE STOCK.

From	Miles.	C.P.R. to Montreal.		G. N. Ry. to New York.		N.P.R. to New York.	
		\$	cts.	\$	cts.	\$	cts.
Calgary.....	2,264	184	50				
Great Falls.....	2,387			191	40		
Billings.....	2,204					180	40
*Lethbridge.....	2,186	192	70				
Benton.....	2,314			182	40		
Mile City.....	2,037					169	75
Virden.....	1,605	134	27				
Buford.....	1,979			169	75		
Glendive.....	1,979					169	75
Deloraine.....	1,620	135	30				
Bottineau.....	1,815			163	65		
Dickinson.....	1,873					169	75
Morden.....	1,505	129	15				
Langdon.....	1,735			162	65		
Jamestown.....	1,657					140	42
Portage la Prairie.....	1,481	128	12				
Neche.....	1,712			157	65		
†Pembina.....	1,727					157	60

\* The higher rate from this point is on account of an "arbitrary" allowed the branch line from Dunmore to Lethbridge.

Tariffs:—C.P.R., 173; N.P.R., 2,259, 2,704, 679; Midgley's, 195; Cent. Traffic, 121; G.N.R., 544.

† It will be seen that mileage in above comparisons are in favour of the G. N. and N. Pac. Rys.

NOTE.—The above schedule does not apply to horses. The rates are slightly higher on all roads.

Traffic in live stock is second only in importance to grain in Manitoba and the North-west. The above comparisons are decidedly favourable to the Canadian farmer. As the business develops and increases the rates will no doubt be made still more favourable. As far as your commissioners can ascertain, the Canadian Pacific Company have done everything in their power to foster and encourage the development of this industry.

Complaint was made that small shippers of live stock were at a disadvantage as compared with Messrs. Gordon & Ironside, of Pilot Mound, who handle train-load lots.

## Railway Rates Commission.

It is shown by Mr. Kerr's evidence (Appendix B) that such is not the case; but on the contrary, that the custom has been to allow several shippers to make up a train load between them and thereby get the advantage of the train-load rate. It is asserted that all stockmen in the North-west thoroughly understand that by clubbing together and loading fourteen cars they can obtain this advantage. The stock may be gathered from a dozen or more places to a central point, from which point the train is started to its destination. No local rate is charged for gathering the stock to this central point, but the through rate is given from the original point of shipment.

### COAL, PER TON.

To	Miles.	C.P.R. from Fort William	N.P.R. from Duluth.	G.N.R. from Duluth.	To	Miles.	C.P.R. from Canmore.	G.N.R. from Sand Coulee.
		\$ cts.	\$ cts.	\$ cts.			\$ cts.	\$ cts.
Winnipeg.....	426	3 00			Calgary.....	67	1 60	
Pembina.....	447		4 00		Penton.....	64		2 18
Neches.....	459			4 00	Kininzie.....	203	2 33	
Portage la Prairie.....	482	3 41			Dodson.....	204		3 95
New Salem, N.D.....	478		4 95		Moose Jaw.....	509	3 60	
Langdon.....	482			4 15	Stanley.....	510		5 50
Brandon.....	559	3 94						
Dickinson.....	548		5 00					

To	Miles.	C.P.R. from Roche Perceé.	G.N.R. from Minot.	To	Miles.	C.P.R. from Lethbridge.	G.N.R. from Sand Coulee.
		\$ cts.	\$ cts.			\$ cts.	\$ cts.
Melita.....	108	1 75		Dunmore.....	108	1 55	
Bottineau, N.D.....	98		2 00	Benton.....	58		2 00
Killarney.....	175	2 00		Irving.....	123	1 70	
St. John.....	154		2 05	Assiniboine.....	127		3 00
Crystal City.....	207	2 00		Forbes.....	147	1 95	
Grand Forks.....	206		2 25	Toledo.....	149		3 20
Whitewood.....	275	2 25		Colley.....	177	2 25	
Bathgate.....	276		2 50	Harlem.....	178		3 60

Place.	Miles.	N.P.R. Rate.	Place.	Miles.	C.P.R. Rate.
		\$ cts.			\$ cts.
Duluth to—			Anthracite to—		
Billings.....	892	7 90	Winnipeg.....	917	5 00
Forsythe.....	790	7 60	Brandon.....	784	4 70
Ferry.....	670	6 70	Moosomin.....	697	4 15
Dickinson.....	548	5 60	Regina.....	660	3 75
Driscoll.....	413	4 20	Swift Current.....	417	3 20
Valley On.....	296	3 25	Forbes.....	312	2 80
Crookston.....	256	3 15	Medicine Hat.....	257	2 65
Villard.....	202	3 15	Tilley.....	204	2 35
Little Falls.....	149	1 75	Crawford.....	152	2 05
Deer Wood.....	101	1 40	Langdon.....	88	1 75
Aitkin.....	91	1 25	Calgary.....	77	1 65
Cromwell.....	49	0 95	Millford.....	52	1 40
Thomson.....	28	0 75	Moheny.....	23	1 10
Fort Kough.....	747	7 00	Lethbridge to—		
Mangersvill.....	635	6 15	Winnipeg.....	762	4 62
Slute.....	402	4 00	Brandon.....	630	4 40
			Regina.....	406	3 55

Except for distances 250 miles and less east of Anthracite the above comparison also shows decidedly to the advantage of the Canadian coal consumer. The lowest rates on coal on the Canadian Pacific are from Anthracite, where a high grade of anthracite coal is mined in considerable quantities and shipped east as far as Winnipeg. These rates are in some places as low as nearly half a cent per ton per mile. No coal of the same quality is found on the Great Northern or Northern Pacific Railway, and the comparison of rates cannot therefore be made in a corresponding direction; but as the supply for the American North-west must come from Duluth or the Canadian anthracite coal-fields, a comparison given from Duluth west and Anthracite east would seem a fair one.

The price of coal in the Canadian North-west has steadily decreased from year to year; and as the output increases at Anthracite, Canmore, Lethbridge and Souris, prices will no doubt be still further lowered. The Pennsylvania coals are being gradually driven out of the Manitoba and North-west markets.

The average local rate for all coal used in Manitoba and the North-west as nearly as your commissioners can ascertain is about  $\frac{1}{100}$  of a cent per ton per mile. This would seem a very low rate considering the comparatively small volume of traffic carried. It is much lower than the average rate received by a number of the largest coal carrying railways in the central United States.

The statement is made (page 394, Annual Report of the Commissioners of Railroads of North Dakota for 1894) that the Reading Railroad on upwards of 10,000,000 tons received rather more than  $\frac{2}{100}$  of a cent per ton per mile, that the Lehigh Valley on upwards of 9,000,000 of tons received the same rate, and that the Jersey Central, on upwards of 7,000,000 tons, received 1.02 cents per ton per mile.

## LUMBER.

To	C.P.R. from Rat Portage.	Gt. Northern from Minneapolis	Nor. Pacific from Duluth.	Miles.
Winnipeg, Man.	10			138
Sauk Centre, Minn.		11½		118
Hansen, Minn.			12	133
Portage la Prairie	12½			189
Fergus Falls, Minn.		15½		188
Winnipeg Jct., Man.			17	188
Brandon, Man.	16			266
Casselton, N.D.		20		270
Valley City, N.D.			22	272
Morden, Man.	13½			214
De Villo, N.D.		16		210
Glyndon, Minn.			18	204
Deloraine, Man.	19½			335
Warren, Minn.		22		230
Grafton, N.D.			24	232
Souris				290
Cummings, N.D.		20	22	290
Grand Forks			22	293

Tariffs:—C.P.R., 265; St. P. M. & M., 322; N.P.R., 1,296.

The comparisons made above are between points where actual business is "offered and carried."

On the Northern Pacific and Great Northern roads there are a number of important lumber manufacturing centres in Eastern Minnesota, from which very considerable



## Railway Rates Commission.

quantities of lumber are distributed to western points. The rates from these manufacturing centres to western points are the same as from Duluth and Minneapolis (vide Great Northern Tariff No. 322) although the distances are considerably less.

The above comparisons show to the advantage of the Canadian Pacific Railway. It may be well to state, however that the present lumber rates on the Canadian Pacific Railway have only been in force for the past eight months; the previous rates in force having been considerably higher. Between a reduction in prices on account of local competition and a reduction of rates, the farmer is now able to buy his cheaper grades of lumber from 35 to 50 per cent less than he could in 1893.

The matter of rates on British Columbia lumber and shingles is frequently referred to in the evidence. A very low rate from British Columbia to Ontario points was a subject of much complaint. It was asserted by many to be a lower rate than that charged the Manitoba farmer. Mr. Kerr gives the rates to Ontario points at 75 cts. per 100 lbs. and to Manitoba and North-western points varying from 35 cts. to 50 cts. per 100 lbs. from Coast points. Both are exceedingly low rates and although the former is lower, mileage considered, in the opinion of your commissioners the western farmer has no ground for complaint.

### AGRICULTURAL IMPLEMENTS.

To	Miles.	Canadian Pacific Railway from Toronto.	Great Northern Railway from Chicago.	Northern Pacific Railway from Chicago.
Gretna.....	1,376	56		
Neeche.....	799		69	
Pembina.....	814			69
Portage la Prairie.....	1,364	82½		
Langdon.....	822		71	
Drayton.....	785			67
Brandon.....	1,440	89		
Minot.....	924		75	
Dickinson.....	960			89
Killarney.....	1,471	90½		
St. John.....	881		73	
Leeds.....	882			70
Deloraine.....	1,609	94½		
Bottineau.....	902		74	
Bismarck.....	845			73

C. P. R. F. T., 29 and 30; St. P. M. & M., 320; N. P., 1010; J. Fr. 193.

In view of the fact that the respective producing points in Canada and the United States are so wide apart, Toronto being in the centre, from which implements are shipped to Manitoba and the North-west, and Chicago and vicinity being a central point in the United States from which agricultural implements are manufactured and shipped to Minnesota and Dakota, it is difficult to make comparisons other than to show that for relative distances the Canadian Pacific Railway rates are less per mile than the American rates. By these comparisons there would appear to be an advantage in favour of the Lakota farmer of about 13½ cents per hundred pounds.

At every important centre, agencies for agricultural implements have been established, and all parts that may be required from time to time for ordinary repairs and renewals are kept in stock. These implements and parts come direct from the place of manufacture in the east, and have the benefit of the through rate to the point where the farmer loads them into his wagon for carriage to his farm. A full explanation in regard to this matter is given in Mr. Kerr's evidence (Appendix B.)

MERCHANDISE.

To	Miles.	Class.	All Rail.			Lake and Rail.		
			C.P.R. from Montreal.	G.N.R. from New York or Boston.	N.P.R. from New York or Boston.	C.P.R. from Montreal.	G.N.R. from New York or Boston.	N.P.R. from New York or Boston.
C.P., Winnipeg, Man.....	1,424	1	208	215	211	143	180	176
G.N., Grand Forks, N.D.....	1,633	2	176	184	180	123	152	148
N.P., Crookston, N.D.....	1,606	3	139	143	140	103	117	114
		4	107	101	99	87	86	84
		5	88	82	80	71	70	68
		1	239	233	230	167	204	195
C.P., Morden, Man.....	1,505	2	196	204	193	143	172	164
G.N., Langdon.....	1,735	3	155	161	166	119	138	130
N.P., Carrington.....	1,700	4	119	124	113	99	109	98
		5	99	103	96	83	91	84
		1	208	235	235	143	200	200
C.P., Greta, Man.....	1,403	2	176	201	201	123	169	169
G.N., Neche.....	1,712	3	139	161	161	103	135	135
N.P., Pembina.....	1,717	4	107	122	122	87	107	107
		5	88	101	101	72	89	89
		1	261	245	245	196	210	210
C.P., Killarney.....	1,588	2	219	209	209	166	177	177
G.N., St. John.....	1,794	3	173	168	168	137	142	142
N.P., Bismark.....	1,758	4	130	128	128	110	113	113
		5	109	106	106	93	94	94
		1	271	247	237	206	212	204
C.P., Deloraine, Man.....	1,626	2	227	211	202	174	179	170
G.N., Bottineau, N.D.....	1,815	3	176	169	162	140	143	136
N.P., Leeds.....	1,765	4	135	129	123	115	114	108
		5	115	107	102	97	95	90
y		1	271	240	267	206	205	232
C.P., Melita, Man.....	1,624	2	227	206	222	174	174	190
G.N., Minot.....	1,837	3	176	165	180	140	139	154
N.P., Dickinson.....	1,877	4	135	126	141	115	111	126
		5	115	104	120	97	92	108

G. N., 320; C. P. R. Ft., 29, 30 and 52; N. P., 1610; N. Y., 86, C. P. R., N. Y., 1.

While these comparisons show the all rail rates to be somewhat higher on the Canadian Pacific road, the lake and rail rates combined are, however, in its favour; and as a very large percentage (said to be 80 per cent) of the business is carried by lake and rail, on the whole the comparison is favourable to the Manitoba and North-west merchant.

It may be said that a large proportion of the merchandise used in the American North-west is obtained at Chicago and St. Paul, and that Canadian rates should be compared with American rates from those points. This is true to some extent; but as there are no cities on the American side with which comparisons can be made, it is considered fair to select Boston and New York. Large quantities of merchandise are shipped from these cities to the west, and the products of the New England mills find a large market in the west. The rates from those mills to western points are the same as from Boston to New York.

## Railway Rates Commission.

The following statement has been furnished by Mr. Kerr which purports to show what percentage of the selling price of the chief articles of clothing used by the settlers in the North-west is properly chargeable to freight :—

Article.	Selling point.	Per cent price over Montreal wholesale price.	Percentage of cost price chargeable to freight.	Percentage of retail price chargeable to freight rates.
Flannelette.....	Carman.....	100	6.4	4.3
Factory cotton.....	Glenboro.....	66.6	7.5	3
Prints.....	Souris.....	60	6.4	2.4
Woolen socks.....	Souris.....	71.8	9.0	4.1
Gray flannel.....	Deloraine.....	50	10.3	3.4
Cotton shirting.....	Morden.....	50	8.5	2.8
Denim overshirts.....	Morden.....	46.6	7	1.9
Woolen overshirts.....	Morden.....	50	0.7	3.2
Boots and shoes.....	Virde.....	50	12	4
Overcoat (cloth).....	Winnipeg.....	63	3.1	1.2
Overcoat (fur).....	Winnipeg.....	75	1.6	7

It would appear that the high prices of many commodities in the North-west are not in a material degree chargeable to freight rates, but rather to apparently large profits of the merchants. In justice, however, to the latter, it should be stated that these profits are in many cases wholly absorbed by bad debts, a condition of affairs almost unavoidable in the settlement of new countries.

L.C.L.

DAIRY PRODUCTS.

C.L.

Miles.	Butter.		Cheese.		Dressed Poultry.		Eggs.		Butter.		Cheese.		Dressed Poultry.		Eggs.	
	C.P.	N.P.	C.P.	N.P.	C.P.	N.P.	C.P.	N.P.	C.P.	N.P.	C.P.	N.P.	C.P.	N.P.	C.P.	N.P.
	2	2	3	2	1	1	2	2	3	3	4	3	3	3	4	3
10.....	13	12	10	12	15	14	13	12	10	10	8	10	10	10	8	10
25.....	20	19	16	19	24	22	20	19	10	15	12	15	16	15	12	15
50.....	29	29	24	29	35	34	29	29	24	24	18	24	24	24	18	24
75.....	38	37	30	37	45	44	38	37	30	31	23	31	23	31	23	31
100.....	45	46	36	46	54	54	45	46	36	38	27	38	36	38	27	38
150.....	58	54	46	54	69	64	58	54	46	45	35	45	46	45	35	45
200.....	67	63	64	63	80	74	67	63	54	52	40	52	54	52	40	52
250.....	77	71	61	71	92	84	77	71	61	59	46	59	61	59	46	59
300.....	85	80	68	80	102	94	85	80	68	66	51	66	68	66	51	66
350.....	94	88	75	88	113	104	94	88	75	75	57	75	75	73	57	73

In the above comparisons the local rates on the Great Northern are not given as they are practically the same as on the Northern Pacific. As the great volume of dairy products of Manitoba and the North-west Territories is shipped to British Columbia, an excellent refrigerator car service is provided by the Canadian Pacific Railway Company, a blanket rate of \$1.75 per 100 lbs. to Vancouver is given from all points on the main line, Winnipeg and west, and any quantity offered, from 100 lbs. and upward is taken at this rate. A similar blanket rate is also now given from Edmonton and intermediate points to Vancouver at \$1.50 per 100 lbs., L.C.L. and \$1.25 in car-load lots. Calgary is also included in the latter schedule.

It is stated by the Canadian Pacific Railway authorities that this whole subject of dairy products has been engaging their careful attention, and that they are prepared to make any reasonable changes in rates that will assist in the development of this important industry and enable farmers to obtain a market in any direction, east or west.

By the above schedule the Canadian Pacific rates on butter in L. C. L. lots are 5.29 per cent higher, and on cheese 14 per cent lower than on the Northern Pacific; on dressed poultry 7.08 per cent higher, and on eggs 5.29 per cent higher.

In the opinion of your commissioners a comparison of the foregoing schedules, covering the bulk of the traffic carried, does not bear out the charges that the rates in Manitoba and the North-west are either exorbitant or excessive; on the contrary they are exceedingly favourable as compared with the rates on American roads in contiguous territory; and indeed, your commissioners believe that they are very little, if any, in excess of the average rates charged on corresponding traffic in the eastern provinces when it is considered that the great bulk of the traffic in grain, live stock and coal in the west, entails the hauling of about 75 per cent of the cars empty one way.

In connection with the grain traffic it must also be borne in mind that it is practically confined to a short season of the year, and for that reason a much larger number of cars is required, than if the shipments extended over a longer period.

#### RATES ON CORDWOOD.

Mr. Kerr, in his evidence, says that 72 per cent of the wood carried does not exceed 60 miles of haulage and that the rate, therefore, placing cordwood at 2,500 lbs. per cord, equals \$1.12½ per cord. He also states that 52 per cent was hauled 50 miles and under, and the cost varied from 75cts. to \$1 per cord.

The rate from Prince Albert to Regina is 8 cents per 100 lbs. or \$2 per cord, which equals 1/8 of a cent per ton per mile. On the 50 mile limit the rate equals 1/6ct. per ton per mile, and on the 75 mile limit 1/8ct. and on 100 miles 1/8ct.

The following schedule shows the rates on the Grand Trunk and the Intercolonial Railways compared with rates on the Canadian Pacific Railway:

Distance.	C.P.R. per 100 lbs.	Per cord of 2,500 lbs.	G.T.R. per 100 lbs.	Per cord of 3,000 lbs.	I.C.R per 100 lbs.	Per cord of 3,000 lbs.
50 miles and under .....	4 cts.	\$1 00	3½ cts.	\$0 95	4½ cts.	\$1 35
75 do .....	5	1 25	3½	1 10	5½	1 72½
100 do .....	6½	1 37½	3½	1 15	7	2 10

A fair average rate would appear to be about \$1 per cord for a 50 mile haul on the Canadian Pacific. This rate is about the same as that in force on the Grand Trunk and Intercolonial Railways in the east, and cannot be considered unreasonable. It is slightly higher than on the Northern Pacific Railway in Minnesota and Dakota.

Your commissioners, however, were informed by the traffic officials of the Northern Pacific Railway that their rates were not based on commercial principles, but were granted in the early history of the railway as an inducement to settlement in view of the great scarcity of fuel along their line.

#### LOCAL RATES.

As to local rates other than those cited, both freight and passenger, it must be admitted that they are high compared with those charged in the Eastern Provinces. As far as your commissioners can ascertain the rates are not in excess of those charged by the Great Northern and Northern Pacific in contiguous territory.

The local freight traffic, however, forms such an insignificant portion of the whole that these rates, even high as they are, cannot add very much to the "burdens of the farmer." It is contended by the managements of many of the western lines that local rates fall chiefly on the residents of the towns and villages, and if they were lowered it would be necessary to increase the rate on farm products which would have to be borne by the farmer.

The local passenger rates are fully dealt with in Mr. Kerr's evidence, Appendix B.

# Railway Rates Commission.

## RATES ON BRANCH LINES.

Among the loudest complaints heard on the subject of rates were those at Edmonton and Prince Albert, the former situated at the northern terminus of the Edmonton and Calgary branch, which connects with the main line at Calgary, the latter at the northern terminus of the Qu'Appelle, Long Lake and Saskatchewan branch, connecting with the main line at Regina.

The Edmonton branch (so called) is 297 miles in length, and the Prince Albert branch 249 miles. Both branches are operated by the Canadian Pacific Railway under a short-term lease and a guarantee from the owners against loss.

The earnings for the last calendar year was given by Vice-President Shaughnessy, as follows:—

	Gross earnings.	Net earnings.
Calgary and Edmonton.....	\$93,988 73	\$33,450 94
Qu'Appelle, Long Lake and Saskatchewan.....	52,207 96	782 12

It will be seen from the above figures that the gross earnings are at the rate of \$319 per mile for the Calgary and Edmonton, and \$210 per mile for the Qu'Appelle, Long Lake and Saskatchewan.

As far as your commissioners are able to judge, no undue extravagance has been practised by the Canadian Pacific Railway Company in connection with the operation and maintenance of these branches. Under the present circumstances, and in the face of the above figures, it is difficult to imagine on what ground a reduction of rates can be hoped for.

As the population of the country increases these rates will, without doubt, materially decrease. In the report of the Chicago, Milwaukee and St. Paul Railway for 1894 the following statement appears:—

"The average rates per ton per mile received for freights for the years mentioned are as follows:

	Cents.
1865.....	4.11
1870.....	2.82
1875.....	2.10
1880.....	1.76
1885.....	1.28
1890.....	0.95

## BREEDING STOCK.

There is no doubt that the shipment of individual animals from point to point for breeding purposes in Manitoba and the North-west is heavily handicapped (and in many cases prohibited), by reason of the local freight rates. Under the usual conditions of shipment, it would appear that this could not well be avoided so as to leave the railway company sufficient to pay the bare cost of transportation, though possibly it might be avoided by shipments in larger numbers or by combination of the breeders in the various districts. It must be borne in mind that a whole car has often to be placed at the disposal of the shipper of a single animal. This matter is fully explained in Mr. Kerr's evidence (Appendix B).

## SEED GRAIN.

The Canadian Pacific Railway Company claim that seed grain has invariably been shipped at half rates whenever it has been shown that a change of seed was desired or required. In some cases the rate has been one-third, and at times it has been carried free. In this matter, therefore, your commissioners are of opinion that the treatment of the farmers by the railway company has been liberal.

## DISCRIMINATION IN RATES.

The alleged discrimination in rates as between individuals was a subject to which your commissioners gave special attention.

It was claimed that such discrimination existed but admitted at the same time that it would be difficult to prove, as individuals receiving the benefits would not willingly come forward and give evidence. Under the instructions given your commissioners, they had power to issue subpoenas and offered to do so if by such action evidence might be obtained bearing out the charge. It was stated in evidence (evidence, however, based on rumour) that Messrs. Gordon & Ironsides enjoyed a special rate on live stock not granted to other shippers. Mr. Gordon denied this, and Mr. Robert Kerr, the General Freight and Passenger Agent of the company, has sworn that his firm was granted precisely the same rates as all other shippers. He also swore that no discriminatory rates were granted on any line of traffic handled by the Canadian Pacific Railway Company.

To a want of correct knowledge of the working of the milling-in-transit rate may be attributed a number of charges made under this heading.

As an instance of the milling-in-transit privileges, Messrs. Ogilvie & Co. purchase a car-load of wheat in Brandon, ship it to Winnipeg, where it is manufactured into flour, and re-ship the product back to Brandon for local consumption. The distance from Brandon to Winnipeg is 133 miles and the rate 16cts. per 100 lbs. Messrs. Ogilvie & Co. pay the freight from Brandon to Winnipeg when the shipment is received. When re-shipped to Brandon they produce the original bill receipted, and this is sufficient warrant for the agent at Winnipeg to bill the flour at the milling-in-transit rate, which works out as follows:—

Freight on car of wheat from Brandon to Winnipeg and return to same point as flour, 30,000 lbs., 266 miles at 21 $\frac{1}{2}$ cts. . . . .	\$ 64 50
Stop-off shunting charge at Winnipeg, 30,000 lbs. at 1ct. per 100 lbs. . . . .	3 00
Total . . . . .	\$ 67 50

CR.

By cash received as per shipping bill on car wheat from Brandon, 30,000 lbs. at 16c. . . . .	48 00
	\$ 19 50

Therefore to the uninitiated Messrs. Ogilvie & Co. would appear to have a rate on flour from Winnipeg to Brandon of 6 $\frac{1}{2}$ cts. per 100 lbs. Mr. Kerr explains this milling-in-transit privilege very fully, Appendix B.

From the best information available, your Commissioners are of opinion that all shippers are on the same footing and that no discrimination exists.

## GENERAL REMARKS.

Your commissioners could not fail to observe that there was an almost entire absence of complaints from the heavy freight handlers throughout the province of Manitoba and the Territories.

Only one dealer in grain (Mr. Duncan McBean, of Winnipeg) gave evidence, and he did not claim that the rates were unreasonable. Your commissioners called personally upon a number of the heaviest grain shippers in Winnipeg, and invited them to give evidence. They declined to do so, and stated at the same time that they had no complaints to make. Mr. James Gordon, of Messrs. Gordon & Ironsides, who are now probably the largest cattle shippers in Canada, gave evidence at Pilot Mound. He had no complaints to make: on the contrary, he expressed himself as perfectly satisfied with the rates and general treatment his firm had received at the hands of the Canadian

## Railway Rates Commission.

Pacific Railway Company: indeed, it would appear extraordinary, considering the company's large interests at stake, if they should pursue any other policy towards their patrons.

In view of the fact that the Canadian Pacific Railway Company hold about 18,000,000 acres of unsold lands and own upwards of three thousand miles of railway in the province of Manitoba and the North-west Territories it is obvious that their interests must be identical with those of their patrons, and it occurs to your commissioners that selfish motives alone would be ample and efficient safeguards on the action of the company in regulating its general policy. Any policy other than that favourable to the settlers would be simply suicidal and ruinous to the company, and that they take this view is clear from the evidence given by its officers.

As might naturally be expected, your commissioners could not fail to observe an apparent desire on the part of the company to give every possible inducement by favourable rates and additional facilities, to any person desirous of embarking in any new industries that would add to the business of the country or the traffic of the road.

In conclusion your commissioners desire to express the opinion that many of the complaints have arisen from a misunderstanding of the tariffs, and that if explanation had been asked from the railway officials at Winnipeg a considerable part of such misunderstandings might have been removed. Quite frequently, during the inquiry, your commissioners asked the complainants if they had made any formal protest or communicated with the officers of the company at Winnipeg, and received a negative answer. It is only natural that in tariffs extending over a large system, some anomalies should exist which would appear to press unduly on certain points and interests. But, upon the evidence offered and information obtained by your commissioners, they are of opinion that wherever these anomalies were brought to the attention of the railway authorities or where formal complaints were made, each case was taken up on its merits by the proper officer of the company, an explanation given and in many cases material redress granted.

We are, sir, your obedient servants,

P. S. ARCHIBALD,

*Chairman.*

WM. PEARCE,

W. H. ALLISON.

*Sworn Evidence of Vice President Shaughnessy, of the Canadian Pacific Railway Company, given 18th April, 1895.*

The subject of railway rates has been a leading source of discussion in Manitoba and the North-west Territories, for a considerable time, and some of the newspapers, boards of trade, farmers' associations and individuals, who took part in the discussion have assumed a position of hostility to the Canadian Pacific Railway Company, without due cause and as a result of a misunderstanding of the real situation. I have no doubt that most of those engaged in the agitation are actuated by patriotic motives, and that the hard words which some of them used in speaking of the "giant monopoly" are provoked by the assumption that the Canadian Pacific Railway Company and its officers, in their anxiety to take as many dollars as possible out of the traffic, are imposing unnecessary burdens on the community, are ignoring representations, which those who make them believe it to be for the best interests of the railway company, as well as of the country, and are, generally speaking, disregarding the great future prosperity of Manitoba and the Territories.

It has often been explained, and I think it may, with propriety, be repeated here, that the Canadian Pacific Company with about three thousand miles of railway and nearly eighteen million acres of land in the territory in question, has an interest in the future prosperity of that section of Canada, far beyond any individual or community, and that the company's effort, therefore, should be, as I can truthfully assert it always has been, to make it as easy as possible for the producer to earn a livelihood and there-

fore, to induce him to come and stay there. If in view of the interests to which I have referred, the management of the Company ignored or neglected anything that might tend to this direction, it would be grossly stupid and incompetent.

Since the work was commenced, the company has invested in the country nearly two hundred millions of dollars in excess of all cash subsidies and cash bonuses received from governments and municipalities, and a considerable portion of this amount has been invested in railway extensions between Winnipeg and the Rocky Mountains; so that to-day there is in Manitoba one mile of railway per one hundred and seven population, and in the territories there is one mile of railway per fifty-nine population. Other large sums were invested in branch lines and feeders in other portions of Canada for the purpose of bringing traffic to the main stem, and thus decreasing the percentage of expense that would have been involved in handling only the traffic tributary to the main line, if the main line were dependent upon the traffic only. To obtain these vast sums of money for a railway enterprise in a new country, in the face of determined opposition from existing enterprises whose interests were likely to be injuriously affected, required some assurance that those who invested would receive an adequate return. The company was able, until the last half-year, to pay all its fixed charges and rentals of every description, to pay a dividend on the capital stock, without charging for the carriage of traffic over its line higher rates than were charged by railways similarly situated in more thickly populated portions of the United States. This fact has been largely due to two causes and in both of these the people living along its lines are interested. In the first place, the company's capital account represents the honest expenditure for the construction and acquisition of the properties owned by the company, without the intervention of construction companies, speculative rings, or barnacles of any description, and secondly most rigid economy has been exercised in the operation of the railway and the general administration of its affairs.

The excellent credit which the company has had abroad because of the above record has been and if maintained will continue to be an essential factor in the prosperity of the North-west. Without it the extensive net work of branch lines between Winnipeg and Moose Jaw furnishing railway facilities to an area more than six times as large as that tributary to the main line only, would have been an impossibility, and should that credit be seriously damaged at any time in the near future by such a further shrinkage in the earnings of the property resulting from whatever cause, as would arouse apprehension among investors, every Dominion and provincial security would feel the effect immediately and capitalists and intending settlers would alike view North-western Canada with doubts and suspicion.

But, it may be said, cannot you make a substantial reduction in your rates west of Fort William without risking any large decrease in your earnings? Before answering that question in detail, let me give you some figures, which, I think convey their own conclusions. During the year ending June 30th, 1893, the railways of Canada earned \$52,042,396, equivalent to \$3,465 gross earnings per mile of railway. Deducting the mileage and earnings of the Canadian Pacific system from these figures we find that all the other railways of Canada earned \$3,383 gross per mile, while the Canadian Pacific earned \$3,595 per mile. — But in the earnings of the Canadian Pacific are including the earnings from steamships, telegraph lines, sleeping cars and other revenue producing attributes of that system which do not serve to increase the revenue of other lines. Eliminating the profits from these sources the gross earnings per mile of this company's lines would be somewhat below the average of the other Canadian railways. With the exception of the Canadian Pacific Company and possibly one or two of the smaller companies operating very few miles of railway, not a single one of these Canadian railways gave to its owners a penny in the way of interest upon the capital invested. The Intercolonial system representing a large share of the total mileage did not earn enough to pay operating expenses, and a still larger portion of the entire mileage of the country was unable to meet its mandatory obligations.

It may be considered beyond doubt, I think, that the Canadian Pacific line east of the great lakes are as productive of earnings per mile as the average of the other lines operated in the same territory. If so, the average per mile of railway owned by



## Railway Rates Commission.

the company west of the lakes, being the same as that in the east, there can be no good ground for complaint upon the part of anybody that the company is receiving an undue gross revenue from its property in the western sections of the Dominion, particularly when a higher rate of wages, increased cost of fuel and supplies, the other conditions which involve greater expense in the handling of traffic in the west are taken into account, and when it is observed that other Canadian lines receiving the same revenue per mile are doing business not only without a profit but at an actual loss.

By reference to the report of the Interstate Commerce Commission for the year ending June 30, 1893, you will find that the railways in operation in the states bordering on the Canadian frontier and the great lakes between the Atlantic and Pacific Oceans, had in that year gross earnings averaging \$8,211 per mile, about two and a-half times as much as the Canadian railways; and the railways included in groups 6 and 7 representing the lines in operation in Montana, Wyoming, Nebraska, North Dakota, South Dakota, Minnesota, Wisconsin, Iowa and Illinois, had gross earnings averaging \$5,357 per mile—about 50 per cent more than the Canadian Pacific earnings per mile. I refer to these two groups (6 and 7), because they include the territory which in general conditions resembles most closely our territory between Port Arthur and the Rocky Mountains.

The large gross earnings of these railways in the United States are, of course, due to the fact that they have a large population and a larger tonnage and variety of freight traffic per mile, from which to derive revenue than have the Canadian lines. Under these circumstances the railways south of the boundary can in many cases afford to quote lower local rates on certain commodities than can their Canadian neighbours in corresponding territory, and indeed it might fairly be expected that the whole range of rates for the carriage of passengers and freight would be lower where the volume of traffic so largely preponderates. But you will find upon comparing the statistics for 1893, that the rates per passenger per mile and per ton of freight per mile received by the Canadian Pacific Company were 1.69 and 0.87 respectively, while the railways in the states bordering on the Canadian frontier between the two oceans, received 2.19 and 1.02 respectively, so that the United States railways in question were paid 29½ per cent more for each passenger and 21¼ per cent more for each ton of freight, carried one mile, than was the Canadian Pacific. If we confine our comparisons to the lines west of the great lakes, we find that the railways in the United States comprising groups 6, 7 and 10, being the railways in the territory between Wisconsin and the Pacific coast, receive for the carriage of freight in 1892 an average of 1.31c., and in 1893, an average of 1.23c. per ton per mile, while the average on the line of the Canadian Pacific between Lake Superior and the Pacific coast was 1.29c. per ton per mile in 1892, and 1.23c. per ton per mile in 1893. The average per passenger per mile was 2.32c. on the United States line, and 1.88c. on the Canadian Pacific.

Notwithstanding the fact that the United States railways to which I have last referred, received a higher average per passenger and per ton of freight per mile, and therefore better rates than did the lines of the Canadian Pacific system in corresponding territory, we find that in 1892 about 63 per cent of the mileage included in groups 6, 7 and 10 gave the shareholders no dividend whatever, and that there was default in interest in 14 per cent of its founded debt. It may not be out of place here to say that these three groups with which comparison is made, embrace the greater portion of the Northern Pacific, Southern Pacific, Union Pacific systems and other railways which received from the federal and states governments and from municipalities, cash and land subsidies approximating one hundred million dollars and seventy-five million acres.

A mistake, and probably a natural mistake, which is made by those engaged in the agitation about freight rates, to and from points in the North-west, is that they base their comparison on rates almost entirely upon distance, without taking into consideration the very great difference in condition. The Interstate Commerce Commission in passing judgment upon the complaint of *Evans vs. The Oregon Railway and Navigation Company* says: "In determining what is a just and reasonable rate for a particular commodity (for example wheat) the commission will take into consideration the earnings and expenses of operating rates charged upon the same commodity upon other

roads as nearly similarly situated as may be, the diversities between the railway in question and such other roads, the relative amount of through and local business, the proportion borne by the commodity in question to the remainder of the local traffic, &c."

You will find that in almost every instance, the through rate on wheat from Winnipeg to the seaboard is compared with the through rate on the same commodity from St. Paul to the seaboard. This comparison is quite unreasonable. The Northern Pacific Railway Company, whose lines extend into Manitoba, find it impossible to carry the products of the farm from Winnipeg, Portage la Prairie, Brandon, &c., to eastern Canadian and Atlantic seaboard points at the same rates as obtain from St. Paul, Minneapolis and Duluth to these eastern points, but owing to the comparatively lower rates charged by the Canadian Pacific Railway Company to Fort William and points east, the Northern Pacific Railway Company is compelled to accept lower rates mile for mile on the farm products of Manitoba to Minneapolis and Duluth, and it charges on light traffic from equally distant points in North Dakota, and Minnesota to Minneapolis and Duluth. It is a well known fact that the western railways in the United States, having their termini in Minneapolis and Duluth, give practically the same rates to these two points. By reference to their tariff it will be found that the rates from the west to Minneapolis, St. Paul, Como, West Superior and Duluth are uniform. Duluth is at the head of lake navigation for the territory in question, and because of the prevailing practice to which I have alluded above, St. Paul and Minneapolis are in the same position as Duluth, so that in making a comparison of rates St. Paul or Minneapolis should be compared with Fort William the head of lake navigation for the Canadian North-west and not with Winnipeg: Winnipeg rates should be compared with points as far west of St. Paul as Winnipeg is west of Fort William, say 425 miles. The statement about rates which Mr. Kerr will make in detail makes that comparison and shows that in every instance the Canadian Pacific rates to Fort William are lower than the rates to corresponding points, than either the Great Northern or Northern Pacific Railway, to the head of the lakes and that the rates, all rail, to the seaboard are lower in nearly every case via the Canadian Pacific than by way of either of the other lines from corresponding points. But as a matter of fact these all rail rates to the seaboard by either route cut a very small figure. I think it may be safely asserted that less than one per cent of the wheat crop of Minnesota and Dakota is shipped direct from the points of production into New York or any other seaport. This is attributable to the enormous demand for milling purposes at Minneapolis and Duluth. Wheat produced in Minnesota and Dakota, when shipped as wheat goes from or via Duluth during the season of navigation, and for several years past it has not been practicable to move it by all rail routes to the seaboard in any quantity. When an occasional shipment of that kind is now made it is due, as a rule, to the fact that the millers' association finds that the markets favour the shipment of wheat instead of flour, or that a surplus of inferior grades, for which the millers have no use, has accumulated at Duluth or Minneapolis. We can say from our own experience that our direct connection, the Soo line, has, during the past four years delivered to us in the aggregate, less than two hundred thousand bushels of wheat for shipment to eastern states and for export via eastern ports. During the winter of 1893-94 practically no grain was moved, all-rail, from North-western Canada to Montreal, very little during the winter of 1892-93, and only five hundred thousand bushels during 1891-92. So that in dealing with the question of grain rates the cost of transportation from interior points to Fort William and the summer rate by water, or by rail and water, from Fort William, to the point of export or consumption, are the only items worthy of consideration. I think that the statements showing the comparative rates from interior points to the lake port via the Canadian Pacific Railway, the Great Northern Railway and the Northern Railway are sufficient to show that the farmers of North-western Canada have no grounds for complaint as to that portion of the route. The wheat having reached the elevator at Fort William is open to the broadest possible competition. We have no interest in its carriage from that point, apart from the quantity required to ballast our lake steamers, and this we carry at very low rates, the highest have obtained being 9c. per bushel—Fort William to Montreal—and during the

## Railway Rates Commission.

past two years we are quite within the mark in stating that the average did not exceed 7½c. per bushel. The greater portion of the grain is, of course, distributed from Fort William by the all-water route.

Mr. T. G. Shaughnessy, vice-president of the Canadian Pacific Railway, appeared before the commissioners and stated his willingness to reply to any inquiries that they might put to him.

Mr. Shaughnessy stated that Mr. Kerr had given him copy of a communication received from the Patrons of Industry at Russell, Manitoba, and he understood the commissioners would like some information in regard to it.

Briefly, said Mr. Shaughnessy, this statement recites in the first place the earnings per train mile of all Canadian railways, including the Canadian Pacific, the Grand Trunk and the Intercolonial Railway.

Taking the rates per train mile for the Grand Trunk and the Intercolonial, and assuming that the Canadian Pacific Railway, east of Callendar, are earning the same as the Grand Trunk, they arrive at the conclusion that our rate per train mile, west of Callendar, is unduly high. They say that the train mile earnings of the Grand Trunk are \$1.03, of the Intercolonial, 69 cents, whilst the average earnings of the total railway mileage of Canada is \$1.13.—

They say:—

“In operating the 2,516 miles east of Callendar, it is natural to suppose that the Canadian Pacific Railway to secure a share of the traffic is obliged to come down to the earnings per train mile of the railways they have to compete with. Assuming that the average earnings per train mile, east of Callendar, is \$1.05, as against the mileage earnings of the Grand Trunk Railway \$1.03 and Intercolonial 69 cents, in order to maintain the average earnings of \$1.50 per train mile over their whole line, they must earn upwards of \$2 per train mile on the 3,268 miles west of Callendar station, which rates are exorbitant as compared with their earnings per train mile, east of Callendar, and to that extent they are discriminatory against the labour and industry that supplies the traffic in the west, and consequently affect the prosperity of the people and retards the development of the country. They are exorbitant as compared with the requirements of the capital for the construction of the railway and its successful operation.”

In other words, they go on the assumption that our train mile earnings should not be larger between Callendar and the Atlantic coast than the Grand Trunk, and if they are not that we must be earning \$2 per train mile over the 3,268 miles west of Callendar.

It seems to me that the proper way is to take a series of comparisons with the United States where there are lines of railways similarly situated to our own and running through corresponding territory.

We have a difficulty about distributing train mile earnings in order to get the exact figures, for the reason that in working out our internal economies between divisions, the cost of operating different sections of the system, we try in distributing earnings to take into consideration the condition under which it is operated. For instance, the through rate Ontario to Manitoba the lines east of Port Arthur get a smaller proportion of mileage. It would be a difficult and serious job to go through the returns and figure out the earnings of any particular section.

To show how the earnings run on corresponding lines, I will take four of the most prominent lines.

New York Central, New York to Buffalo.

Lake Shore and Michigan Southern, Buffalo to Chicago.

Chicago, Milwaukee and St. Paul, between Chicago and St. Paul, and the Northern Pacific between St Paul and the Pacific Coast.

We find here that the New York Central's earnings from all sources, \$1.62 $\frac{1}{8}$  per train mile.

Lake Shore and Michigan Southern, \$1.66 $\frac{4}{10}$  earnings per train mile.

Chicago, Milwaukee and St. Paul, \$1.47 $\frac{2}{5}$  per train mile.

Northern Pacific line, east of Montana, \$2.06 $\frac{4}{10}$ .

Northern Pacific line, Idaho and Montana, \$1.57 $\frac{4}{10}$ .

Northern Pacific line, west of Idaho, \$1.74.

This would include the entire railway system from the Atlantic to the Pacific coast.

The Patrons say that the Canadian Pacific Railway earnings per train mile are \$1.50. In getting at this figure it is noticeable that they include in our gross earnings a good many items from which the Northern Pacific and other lines get no revenue whatever, for instance, telegraph, steamships, sleeping cars, etc. Setting that objection aside, I am giving all the earnings on our system, so as to make the comparisons as broad as possible. Another error which they make is to take our report as for the year ending 30th June, whereas it should have been for the calendar year. However, assuming that they are pretty nearly correct, you will see that we are lower than any one of those systems, except the Chicago, Milwaukee and St. Paul, which is \$1.47 $\frac{2}{5}$  against ours of \$1.50. Our earnings, however, included the items which I mentioned and which do not appear in the case of the other lines.

These gentlemen go into another discussion in which, however, I do not suppose you wish me to follow them, as the subject is quite apart from the question at issue. This is as to the rates as affected by the cost of our road, in regard to which they make the following broad statement:

"When, however, the above estimate of capital of \$271,000,000 is reduced by the gift of \$100,000,000 made up as follows:

"Twenty-five million dollars in money to main line.

"Thirty million dollars for 700 miles of railway built.

"Ten million dollars for repurchase of 6,333 acres of land.

"Lands granted to main line and branches exceeding 20,000,000 acres.

"After deducting the repurchased land and other sources of public aid to the branches included in the Canadian Pacific Railway mileage amounting to five or six million dollars, the dividend of three per cent on \$271,000,000 is excessive, as compared with the three per cent on the estimated cost of the Grand Trunk Railway, and the earnings of the people in the province of Manitoba and the North-west Territories."

This is a big question and should be discussed in detail.

THE CHAIRMAN.—I do not think that we need enter upon this subject, as it does not come within the scope of the commission.

MR. SHAUGHNESSY.—Mr. Kerr has dealt with most of the other questions in the statement of the Patrons, both as to general rates and tariff for particular consignments which have been picked out as showing that our rates are in some instances exorbitant, such as regarding shingles, etc.

THE CHAIRMAN.—There has been a diversity of opinion as to whether the introduction of the Northern Pacific resulted in reducing your rates—some maintain one way and some another.

MR. SHAUGHNESSY.—The reductions were made from time to time as business accrued, and in the ordinary course of events the present tariffs have been the result.

THE CHAIRMAN.—Has this been regardless of the construction of other lines?

MR. SHAUGHNESSY.—Yes, a railway company on a proper basis must always keep in view the maximum prosperity of the community along its line, because that community, however small, is an essential factor in the welfare of the road. If by the policy of your road you put your people at a disadvantage as compared with people on contiguous lines, the trade goes that way, and your patrons suffer, and you suffer yourself as a consequence. Railway managers are engaged in considering this from day to day, and to those of us engaged in railway life there is no question of greater importance than the still further development of enterprises along our line. If we find that we can increase the volume of traffic from some local point on our line by making some concession, we are always glad to do it, and the increase in volume resulting is probably the most important factor, generally speaking, in enabling railway companies to bring their general rates down.

## Railway Rates Commission.

Mr. ALLISON.—If you could get the people to believe that, they would be very happy.

Mr. SHAUGHNESSY.—But while the railway lasts and the people exist, there will always be disputes as to what rates are sufficient.

We have 1,400 stations on our line, and if the reports show a decrease of \$10 a week at each one of these, it means that we miss \$14,000 from our earnings, therefore we are interested to the greatest possible extent in keeping everyone up to the mark.

There has been some reference made to the Calgary and Edmonton Railway, and I think to the Regina and Long Lake. I will state the company's position in regard to these lines.

These two railway lines were built I think largely at the instance of the Dominion Government by private companies for the purpose of giving access to the lands in and around Prince Albert as well as Edmonton and the vicinity.

Our company had nothing to do with the construction of either line. We received no portion of the subsidy, but as an experiment we volunteered to undertake, if the railways were built, first in connection with the Regina and Long Lake and afterwards the Calgary and Edmonton road, to operate them for five years, provided the owners gave us a sufficient guarantee against loss. Our agreement with the Regina and Long Lake expires in a year, but I would point out it is not the property of the Canadian Pacific Railway, neither owned nor leased for any term, but merely operated for that period under the condition that I have mentioned to you. The Calgary and Edmonton line is in the same position.

THE CHAIRMAN—What is the length of the Prince Albert branch?

Mr. SHAUGHNESSY—The Regina and Long Lake Railway, as we call it, is about 250 miles in length. This is, I think, bonded for about three and a half million dollars.

THE CHAIRMAN—What have been the earnings of this line?

Mr. SHAUGHNESSY—The net earnings for the past year have been about \$800, to apply on the interest account, if they have anything in the way of interest to pay.

Mr. PEARCE—They have an \$80,000 subsidy, haven't they?

Mr. SHAUGHNESSY—Yes; but the \$80,000 subsidy goes to the bondholders; but from the road itself, all that they would have is \$806.

Mr. PEARCE—How does the C. & E. Railway stand?

Mr. SHAUGHNESSY—The Calgary and Edmonton Railway has a much larger capital account, about \$5,600,000 representing the sale of bonds issued. This line earns \$33,000 net over its full distance—about 300 miles.

Mr. PEARCE—This has a subsidy, also, has it not?

Mr. SHAUGHNESSY—Yes; it has also a subsidy of \$80,000, but we have nothing to do with that.

THE CHAIRMAN—Have you any lien over it as security?

Mr. SHAUGHNESSY—Our security is in the nature of lands. I must add, however, that sums earned on government business, such as the transport of supplies for Mounted Police and the Indian Department, and officials travelling, we do not get; they are deducted from the subsidy.

THE CHAIRMAN—Do you remember the gross earnings?

Mr. SHAUGHNESSY—In 1894 the earnings of the Edmonton and Macleod sections were \$93,988.73, whilst the expenses were \$60,537.79, leaving net earning of \$33,450.94 over an actual mileage of 297 miles.

THE CHAIRMAN—Does this statement appear in the statistical report of the Department of Railways and Canals?

Mr. SHAUGHNESSY—Yes; but in reporting they would show the last six months of '93 and the first of '94. As I have already said, from earnings on all government business handled we get no benefit at all; the government retains it against the \$80,000 subsidy.

Mr. PEARCE—What were the earnings of the Regina and Long Lake line?

Mr. SHAUGHNESSY—The gross earnings in 1894 were \$52,207.96, the cost of operating, \$51,335.84; leaving a net profit of \$872.12. Whatever we might be able to do in connection with the lines that we are operating as our own property, we could hardly

reduce the rates in the same way on lines we are operating under guarantee, if it meant putting them down to a losing basis. Having their guarantee against loss, it would be hardly correct business practice for us to take advantage of that guarantee, and do business at a loss, knowing that they had to foot the bill.

The CHAIRMAN—Will you state briefly the practice of the Canadian Pacific Railway in requiring people to ship through elevators instead of flat warehouses.

Mr. SHAUGHNESSY—Our object in the beginning was to get the grain into our own elevators in as good condition as it was possible. A farmer might ship say 500 miles to Fort William and when his grain reached there, if proper precaution had not been taken, it would possibly grade No. 2 or 3, or as rejected, because of smut or dirt. The farmer suffers by it, whereas on the other hand it pays him to put it through the elevator in such a shape that it goes in at Fort William as No. 1 wheat, whereby he reaps the benefit. It was for the purpose of getting wheat to the east in good condition and as clean as possible at the shipping points that we adopted the practice, which moreover prevails in all the western states. We think it a good practice and farmers would be discontented otherwise. What we do is in the interests of farmers themselves. The elevators in the west are not ours, we do not own a single one, neither do we get any revenue from them—they are private enterprises owned by milling companies or grain buyers, or elevator companies, who are in the habit of buying grain or making a business of cleaning it.

The CHAIRMAN—Is there much profit obtained from these elevators?

Mr. SHAUGHNESSY—I am not in a position to say how much they get.

Mr. PEARCE—Are there many elevator companies in the country?

Mr. SHAUGHNESSY—There is the Northern Elevator Company, and of course there are the farmers' elevators, as well as the mill elevators.

Mr. PEARCE—In Minnesota and Dakota there are elevator companies, pure and simple, having no transactions at all in grain. I do not know that we have any that are not grain dealers.

Mr. SHAUGHNESSY—There are the farmers' elevators.

Mr. PEARCE—These are also grain buyers.

Mr. SHAUGHNESSY—The Ogilvies provide elevators in connection with their grain business, and in this way they save space of cleaning machinery at their own mills. The Lake of the Woods Milling Company does the same.

In regard to the necessity for cleaning elevators, I would say that two years ago we rented an elevator at Port Arthur, of 350,000 bushel capacity, to a man named King, who fitted it up as a cleaning elevator. We did not want any cleaning done in our own elevators, as we wished to keep the integrity of the grain intact—neither did we wish to secure cleaning machinery, but we wanted the grain graded in and out by the inspectors, and wanted no process by which cleaning or other treatment should go on in our buildings. Accordingly, we leased to King, and during last year he handled nearly 900,000 bushels of wheat. This represents his work up to the beginning of this year, and he has probably exceeded 1,000,000 this time. This shows the necessity for some such provision before the wheat becomes a salable article.

The CHAIRMAN—Did Mr. King make much money by his enterprise?

Mr. SHAUGHNESSY—I cannot give you the result in dollars and cents, but no doubt the amount he made was substantial. However, the chief result is in preventing purchasers abroad from condemning Manitoba wheat because they happen to get a lot of smutted grain in with it. The treatment at these eastern elevators is different to those further west, but the general object we had in view is the same, and we insisted, therefore, on the grain passing through the elevators instead of being shipped from the flat warehouses.