The Canadian Northern have a good western line, which has been paying well, but, desiring to become transcontinental, it has built east to a country already well served with railroads. To do so, it has had to parallel other roads to Montreal and Toronto, and has found it very costly to obtain proper terminals. The C.N.R. has a small yard in Montreal, but no freight yard, while the C.P.R. has some fifteen to twenty freight terminals in the city. The C.N.R. cannot hope to compete, as the public will not haul freight a long distance in order to reach a yard.

The C.N.R. commenced by buying old, poor-paying roads in Ontario and Quebec. The company have built north from Toronto, and, where a single track would suffice, there are now three roads; it parallels the G.T.R. from Toronto to Kingston. The C.P.R. also covers this area, and there exist one double and two single tracks, when one double track is amply sufficient to take care of the traffic. It has been proved that there is not enough traffic on the expensive line in Ontario, and the company has become bankrupt.

G.T.R. and C.N.R. Mistakes

The mistake of the G.T.R. has been the building of a main line in the west, which was not justifiable, and that of the C.N.R. the extension of its line east to traffic centres already occupied.

There would be no railway problem to-day had the government adopted a policy of this nature in dealing with these railroads: "The G.T.R. has a good eastern road, the C.N.R. the beginnings of a good western road. Let them get together and connect their roads. We will give money to assist them in carrying this out, and later, in developing their line to the Pacific Coast." Instead of this, the government aided the roads in parallel.

If the solution some years ago had been consolidation, still more is that the case now, with the extra roads in Northern Ontario. Another reason which has an important bearing on this question is the future return of the railroads to private ownership. The lines must be prosperous before any company will consider taking them over, and if the lines were consolidated, they would be in good physical condition. It is the best system in the east, with the G.T.R., C.N.R. and other government lines, and is very good in the west. It has the shortest line from Winnipeg to Toronto and Montreal, good grades, reasonable curves, and the easiest route across the mountains.

The railways are in a very unfortunate position financially. Statistics for the year ending June 30th, 1918, give the following data:—

Loss on old government railways	$ 5,800,000
Loss on C.N.R.	11,675,000
Loss on G.T.R. and subsidiaries	10,250,000
Total losses	$27,725,000

The interest on the Intercolonial at 4% and on the Transcontinental at 3% amounts to $11,000,000, giving a total of losses and interest payments of $39,000,000.

Summing up costs of government railroads, and figuring interest on these at another $11,000,000, the absolute total reaches a figure of $50,000,000. The net earnings for the year 1918 of the C.P.R., acknowledged to be one of the most successful railways, amounted to $34,500,000. The other railroads have to face a possible yearly deficit of $50,000,000—one and one-half times the earnings of the C.P.R. —and the problem to-day requiring solution is, How are they to continue and be made prosperous?

Must Increase Freight Rates

"First," continued Mr. Tye, "give an immediate and decided increase in freight rates. This will have a very slight effect on the cost of living. The cost of transportation in Canada is very cheap, indeed, and, compared with Australia, the rates in Canada are about one-third those obtaining in that country."

Reference was made by Mr. Tye to an article on "The Railway Problem," by C. W. Baker, published October 23rd, 1919, in the Engineering News-Record, of New York, in which a table was given showing the increase in cost price of an article when freight rates are increased 50%. This table is reprinted herewith.

It is admitted that an appreciable increase does occur on such articles as coal and grain where transportation forms a large part of the final cost, but in the case of clothing, shoes, sugar, butter, fresh meat, etc., if the freight rates are raised 50%, nobody would notice the subsequent difference in cost. Therefore, the first step towards a solution is to raise freight rates, independent of the fact whether the railroads are run by private or government management.

The second step towards solution is to decide whether the railroads shall be privately owned or owned by the government. Mr. Tye stated he knew of no railroad which was successful under government management except in Germany, and the success there was due to the reasons that the roads were built for a large population; that they were not run as commercial enterprises, but solely for war domination; and that the workers were employees of the state, and as such could not strike.

The Intercolonial had as much business per mile as the C.P.R., yet it had never earned interest, and only for two or three years has it earned sufficient money to pay operating expenses. Sir Henry Drayton and Mr. Ackworth, who were members of the Royal Commission appointed to inquire into the railway question, have stated. "We know of no democratic state where the railways are owned by the government but where politics have a large bearing on the railways and the railways a large bearing on politics." No man works for a government as well as he will for a private concern. The margin between success and failure is very slight, and this has been emphasized by Lord Shaughnessy in a speech delivered about a year ago. C.P.R shareholders paid $112 for $100 worth of common stock, and $31 was added from sur-

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How a 50% Increase in Freight Rates From Marketing Centres to Consuming Centres in U.S.A. Would Affect Cost of Products

Refined oil, Tulsa, Okla., to Cleveland, 960 miles, rate 38.5c. per 100 lbs. An increase of 50% would mean 1.3c. per gallon.

Fresh meat, Kansas City to Pittsburgh, 898 miles, rate 52c. per 100 lbs. An increase of 50% would mean ¼c. per lb.

Cattle, Dallas to Kansas City, 484 miles, rate 33.5c. per 100 lbs. An increase of 50% would mean 1/6c. per lb.

Potatoes, Houlton, Me., to New York City, 567 miles, rate 30c. per 100 lbs. An increase of 50% would mean 8c. per bushel.

Lumber, Winona, Miss., to Philadelphia, 1,160 miles, rate 33c. per 100 lbs. An increase of 50% would mean 5.37c. per 1,000 ft.

Oranges, Palatka, Fla., to Pittsburgh, 1,121 miles, rate 62c.* per 100 lbs. An increase of 50% would mean 31c. per crate.

Grain, Fargo, N.D., to Chicago, 640 miles, rate 18.5c. per 100 lbs. An increase of 50% would mean 4.6c. per bushel.

Grain products, Chicago to Baltimore, 749 miles, rate 19.5c. per 100 lbs. An increase of 50% would mean 9.7c. per 100 lbs.

Butter, St. Albans, Vt., to Boston, 315 miles, rate 65c.* per 100 lbs. An increase of 50% would mean ⅓c. per lb.

Anthracite coal, Carbondale, Penn., to Springfield, Mass., 308 miles, rate $2.75 per gross ton. An increase of 50% would mean $1.23 per net ton.

Bituminous coal, Cresson, Pa., to Chatham, N.Y., 476 miles, rate $2.40 per gross ton. An increase of 50% would mean $1.07 per net ton.

Iron ore, Ashtabula, Ohio, to Latrobe, Penn., 170 miles, rate 93c. per gross ton. An increase of 50% would mean 46c. per gross ton.

* Rates in effect January 1st, 1919.