

the economics of water transportation is much better established than that the modern lake vessel abhors canals. With her costly equipment she cannot afford to incur the delay & danger inseparable from passing through them. Between Kingston & Montreal there are 43 miles of canals, as against 27 on the Welland. I have not been able to find a practical man who believes that when those 43 miles are deepened to 14 ft., lake vessels will make use of them to get to Montreal; the vessels, it is universally thought, will, as now, tranship at Kingston or Prescott to barges. Had we deepened the Welland to 21 ft. & left the lower canals as they were, the position would have been this: Vessels could have carried cargo from Fort William or Duluth to Kingston for nearly as low a rate as to Buffalo. The 27 miles of canalling in the Welland, & the difficulty of procuring return cargoes at all times, would, of course, have militated against the route; still, the rate to Kingston would have been materially lower than now. Then from Kingston to Montreal, 178 miles, we should have had the present barge service of 9 ft. to compete with a barge service of 9 ft.—the depth the Erie will have when the projected improvements are finished—from Buffalo to Albany by canal & from Albany to New York by river, a total distance of 500 miles. Under such circumstances the rate from Lake Superior to Montreal would have been sufficiently low to recover for Montreal at least a portion of the Manitoba traffic, & to augment the export via Montreal of grain from Chicago & Duluth.

Let us return to the actual situation. There are already 300 steamers or more on the Upper Lakes which cannot pass through the Welland, & consequently cannot enter Lake Ontario. All of these, or nearly all, are U.S. vessels. I am sorry to say the Canadian fleet on the Upper Lakes is quite insignificant. Of the vast tonnage going through the Sault canals only 4% is Canadian. A Canadian steamer of the latest U.S. type would be hard set to earn expenses. She would be cut off from Montreal, Toronto, Hamilton, Kingston, etc., by the termination of deep-water navigation at Port Colborne. She might sail to places like Owen Sound, Parry Sound & Goderich; but, as everyone knows, there are no ports of any account on the Canadian shores of Huron, Erie or Superior; whereas U.S. steamers do business with Chicago, Milwaukee, Cleveland, Detroit, Toledo & Buffalo, with an aggregate population of 3,000,000, as well as with many smaller cities & towns situated on the Upper Lakes, some, like Escanaba & Marquette, with a booming shipping trade. Furthermore, Canadian vessels, large or small, operate at a disadvantage in being excluded from the vast stream of U.S. lake commerce. Manifestly, if a vessel has a cargo both ways she can make more, & yet charge less, than if she has a cargo only one way. A Canadian vessel going to Duluth for a cargo of grain for Kingston is usually obliged to go light, because not allowed by U.S. law to carry from one U.S. port to another—as, for example, from Oswego or Buffalo to Duluth. Going to Duluth light she cannot afford to accept as low a rate to Kingston as a U.S. vessel which has reached Duluth with a full or partial load from Buffalo. That is to say, she not only suffers directly through being deprived of purely U.S. traffic, but the deprivation cripples her in the competition for traffic between U.S. ports & Canadian ports. This is why the Canadian fleet is insignificant by comparison with the U.S. fleet, & the largest Canadian vessels, with a few exceptions, mere tubs by the side of the largest U.S. vessels.

The larger the vessel the less the cost of carrying per bushel & the longer the time in which navigation is possible in the fall. The report for 1896 of the Buffalo Merchants' Exchange says, with a touch of Populism: "The

future of the business on the lakes seems to be most discouraging to the owners of small vessels; the business is apparently drifting into the hands of capitalists & corporations, one concern having built during 1895 16 large steel vessels, at an expense of \$3,000,000, & they are still building." "The vessels now being built," says an American expert, "can be navigated with safety in the fall, under conditions which would have been dangerous to the class of vessels prevailing 10 years ago."

For these reasons Canadian vessels are unable to make as low rates as U.S. vessels. This rule may admit of exceptions; all the same, it is the rule. Hence, in their anxiety to regain the Manitoba traffic, the Montreal Board of Trade has asked the Dominion Government to permit U.S. vessels to carry grain for export from one Canadian port to another. The theory is that if U.S. vessels were allowed to carry grain from Fort William to Port Colborne, Kingston, Owen Sound, Midland or Parry Sound it would be possible to lay it down at Montreal cheaper than it can be laid down for at New York. The fact that a good deal of export grain is carried in U.S. bottoms from Chicago & Duluth to Kingston for Montreal in preference to Buffalo is cited in support. There is no denying that U.S. competition between Fort William & Eastern Canadian ports would reduce the rate to Montreal. A U.S. vessel of the smaller class going to Kingston or Prescott with Manitoba wheat could return to Duluth, on the way back to Fort William, with a load of coal or something else from Oswego or Sodus Point

a traffic from which Canadian vessels are debarred. This of itself would be a consideration in favor of lower rates. Canadian vessel-owners protest that to allow the U.S. to participate in Canadian traffic while Canadians are rigorously excluded from U.S. traffic would be grossly unfair, and, as they put it, unpatriotic; and add that if U.S. vessels are going to carry the harvest of Manitoba to the St. Lawrence, the harvest might as well go to New York at once & be done with it so far as Canadian interests are concerned. The answer of Montreal is that it is a serious matter to contemplate the diversion of the export trade of the Canadian Northwest to U.S. seaports. It is so much lost to Canadian labor, steamships, railroads, banks, etc.; furthermore, if New York is to be the regular outlet for Manitoba, Manitoba may some day ask what there is left for her in the connection with Old Canada that she should prolong it.

Some maintain that the opening of the railway to Parry Sound will restore the traffic to Montreal. It is difficult to see how. The C.P.R., which in railroad parlance originates the traffic, has elevators at Owen Sound, to which port its passenger steamers run from Fort William, & rail connection from Owen Sound with Montreal. Yet, except in a year like 1897, when prices were higher than usual, it has not been able to carry much export grain from Owen Sound to Montreal in competition with the Buffalo route. It carries next to none all-rail from Fort William to Montreal; the all-rail traffic could not be made to pay & was abandoned years ago. The grain brought to Owen Sound by the C.P. steamers, which, however, are not grain-carriers in the proper sense, is mostly for Ontario millers, although last year, as just observed, a considerable quantity was for export from Montreal & St. John. The line from Parry Sound to Montreal will be a trifle shorter than the C.P. line from Owen Sound, but that will make no difference. Since, in ordinary seasons, the C.P. cannot make money by hauling Manitoba wheat for export from Owen Sound to Montreal & St. John in competition with the Buffalo route, notwithstanding that it has the haul from the place of growth to Owen Sound, I do not see how the Parry Sound road can cut much of a swath in the trade.

It is true that U.S. railways haul wheat from Buffalo to New York in competition with the Erie canal, indeed, get the lion's share of the traffic, & while it is 440 miles 1 rail from Buffalo to New York it is only 390 from Parry Sound to Montreal. But the conditions of transportation at Buffalo & Parry Sound & along the respective routes are so different that it does not follow that what the U.S. roads do the Parry Sound road can do. The U.S. roads start grain trains of 60 cars, each car containing 1,000 bush., from Buffalo. The grades on the Parry Sound road would not allow of a train of that weight being drawn by a single locomotive. Again, local traffic on the New York Central, Erie, West Shore & Lehigh is out of sight greater than on the Parry Sound line; & there is an indefinitely better chance of obtaining a return load to the point of departure. Besides, Manitoba wheat can be carried from Fort William to Buffalo in U.S. steamers at a lower rate than from Fort William to Parry Sound in Canadian. The ordinary quoted rail rate from Buffalo to New York, "alongside," i.e., alongside the ocean vessel, is 5c. a bushel, \$1.67 a ton, but the actual rate is frequently less. Last fall it was 4c. from vessel at Buffalo to alongside vessel at New York. The Parry Sound road cannot charge more to Montreal, or it will get none of the traffic. It may be able to carry Manitoba grain to Montreal for that sum. But to say that, under a running agreement between the Dominion Government & the Parry Sound road, Manitoba grain can be shipped for 4 or 5c., at a profit to both carriers, from Parry Sound to Montreal & thence over the Diamond County road to Quebec & the roundabout Intercolonial to St. John, 1,150 miles, with the cars returning empty, looks like a very wild assertion.

The Parry Sound road may possibly stand a better chance at carrying U.S. wheat to Montreal. It can employ U.S. steamers and barges between Duluth & Parry Sound, which will ensure a lower water-rate than can be obtained between Fort William & Parry Sound, where the traffic has to be carried in Canadian bottoms. Only here again the rate to Parry Sound will be higher than the rate to Buffalo, because the vessels carrying grain to Parry Sound will have to return empty, whilst those going to Buffalo have return cargoes. Everyone will rejoice if the Parry Sound road shall succeed in bringing a greater volume of U.S. grain to Montreal; but, to be candid, the prospect is not bright.

The best authorities, Canadian & U.S., whom I have been able to consult, say the true if not the only way of recovering the Manitoba traffic for the St. Lawrence route is for the C.P.R. Co. to put large grain steamers, with barge consort, between Fort William & Owen Sound, running them in connection with the railway at Fort William & with a first-class ocean steamship line owned by the company at Montreal, so that the Manitoba shipper can get a through rate & through bill of lading direct from his elevator at Brandon, Morris, or Indian Head to Liverpool. This, it is believed, would give Montreal a pull over the U.S. route which she can hardly hope to get in any other manner. What is of more moment, it would add to the value of all the grain annually produced in the Canadian Northwest by reducing the cost of transportation of the surplus for export. It would bring the Manitoba wheat grower, the Montreal or Toronto buyer & the English wheat broker closer together, & enable them to handle the crop to better advantage all round. At the close of navigation grain stored at Owen Sound or Montreal could be shipped over the C.P. line to West St. John. The distance would be: Owen Sound to Montreal, 460 miles; Montreal to St. John, 480; total 940—a long rail haul, to be sure, but with this vital fact in its favor, that it would be mere yanking of a continuous rail & water haul in the same