

PRESIDENT SHAUGHNESSY ON FREIGHT RATES.

Montreal, Nov. 1.—Sir Thomas Shaughnessy, president of the Canadian Pacific, has addressed the following letter to President Russell of the Winnipeg board of trade:

John Russell, Esq.,
President Winnipeg Board of Trade,
Winnipeg, Man.

Dear Sir:—Personally and officially, it is and always has been my desire to actively co-operate with the Winnipeg Board of Trade, and with other similar organizations in Manitoba and the West, in everything calculated to promote the material interests of the country of which the Canadian Pacific Railway company has so much at stake, but I must confess my inability to understand why the Winnipeg Board of Trade should have assumed the initiative in urging upon this company acquiescence in the policy of the Canadian Northern company in the matter of rates for the carriage of wheat. Surely, it might be taken for granted that the company, for selfish reasons, if no others, would meet the lower rate of its competitor just as soon as the maintenance of the higher rate were likely, as stated in your resolution, "to have a very detrimental effect on all traders doing business in Canadian Pacific towns so situated, the effect being to draw the trade away from them and build up the Canadian Northern towns adjacent. If, without regard to other considerations, and as a proposition in the abstract, your board has represented to the company that the rates now prevailing for the carriage of wheat to Lake Superior are unduly high and should be reduced, we would have been quite prepared to discuss the subject in detail and to have laid before you our reasons for believing our rates to be not only fair, but exceedingly low, as compared with the rates received by other railway companies in corresponding territory for the carriage of the same traffic.

It is quite true that the company, when negotiating with the government of Manitoba for the lease of the Northern Pacific lines, offered, as a feature of the proposed arrangement, to make a gradual reduction in its wheat rates, year by year, to a basis of 10¢ per 100-

lbs. in 1906, and to make specific reductions in the rates on some other commodities. The increase in the volume of contributed traffic that would result, and probable immunity from further unfair and unbusinesslike competition of railways constructed almost entirely at the expense of government, was our justification for the proposal.

However, the government apparently thought it in the best interests of the province that a different arrangement should be made, and, as a consequence, the Northern Pacific lines were leased to the Canadian Northern company, the government at the same time assuming an enormous contingent liability in connection with the bonds covering the Canadian Northern property. As a consideration for this and other concessions, the Canadian Northern company, who had everything to gain and nothing to lose by securing a guarantee for its bonds, entered into an undertaking to reduce its grain rates 2¢ per 100 lbs. the present time and 2¢ more later on. Surely, no reasonable man will contend that the action of the provincial government imposed upon the Canadian Pacific an obligation to make any similar reduction in its rates as a recognition of favors granted to its competitor.

If, however, the maintenance of the higher rate were injurious to the interests of grain producers along the Canadian Pacific lines by compelling them to accept for their crops a price 2¢ per 100 lbs. less than was being paid where the lower rate prevailed, there might be just grounds for complaint, but has this been the case? On the contrary, it is not a fact that the farmers along the Canadian Pacific lines, in territory contiguous to the Canadian Northern lines, have been and are receiving just as high prices for their wheat? Indeed, to go a little bit further, is it not a fact that these reductions made in the grain rates from time to time have had but little effect on the prices paid to farmers for their wheat? Two cents per 100 lbs. is equivalent to one and one-half cents per bushel. If we take the prices paid yesterday at various stations in the grain-growing districts for the like

quality of wheat, we find that the same prices prevailed at Carberry, Brandon, Indian Head, Morris, Emerson, Gresham, Melville and Neepawa, although the rate from some of these points to Lake Superior is 4¢ per 100 lbs. higher than from others. In other words, the farmer at Indian Head, whose rate to Port William is 18¢, receives exactly the same price for his wheat as the farmer at Morris, whose rate is 15¢ per 100 lbs., and in this connection, let it be observed that Indian Head is a local station on the Canadian Pacific, while Morris is a competitive point with the Canadian Northern. The prices at Oak Lake, Carman and Hartney are alike for the same quality of wheat, although Oak Lake takes the 18¢ rate while the Carman rate is only 15¢, and Carman, too, is a point common to the Canadian Northern as well as the Canadian Pacific. These comparisons, which apply to almost all stations in the grain district, can be followed back, day by day, to the beginning of the grain season. Another striking feature is the fact that the prices paid at stations for wheat since the first of October, in many cases, ranged from 1¢ to 2¢ per bushel higher when the Fort William quotations were 85¢ per bushel than they did on the days when the Fort William quotations were 72¢ per bushel, and when the difference in Duluth prices was proportionately the same. In many instances, this represented a margin at grain stations of four or five cents per bushel, or several times the difference in freight rates to which your resolutions have reference.

Now I know that your resolutions were not framed in any spirit of hostility to the company, but with a view to securing for the farmer the increased price for his crops that would be represented by the scaling down of the rate, because the merchants and manufacturers of the country, like the railway companies, are interested in having the purchasing power of the farmer increased to the highest possible limit, and I am sure, therefore, that your board will, if any feasible plan can be suggested, make every endeavor to secure for the farmer a plan of reductions in grain rates go to the farmers instead of being absorbed in marketing charges. To this end

you may be assured of our most earnest co-operation.

While it is our determination that the same ruling lines shall not be prejudiced by any disparity in rates, we do not, at the moment, feel that necessarily exists in the matter of tariff, for the reasons given in the earlier part of my letter and because our charges are now on a very low basis.

In your resolutions you quote the rate on wheat from Minneapolis to Winnipeg as a fair basis for the rate between Winnipeg and Port William. There is no propriety in making such a comparison. The railway companies between the two former points serve an old well-settled district yielding a large amount of local traffic and a revenue per mile of railway very much in excess of any section of the Canadian Pacific. But wheat is not shipped in any quantity from St. Paul to Chicago. Minneapolis is a great milling point, and, with Duluth, constitutes the market for any wheat that might centre on St. Paul. Wheat from Minnesota and the Dakotas goes to Minneapolis or Duluth for milling purposes, or to Duluth for shipment by water to Duluth, just as wheat from the Canadian Northwest goes to Winnipeg, Keewauwin and other places for milling purposes, or to Port William for shipment by water to the east. Therefore, in making a comparison of rates we should select grain stations on the lines of the Great Northern and Northern Pacific where the wages, cost of supplies and other conditions are similar to our own, and compare the rates from these points on the Canadian Pacific to Fort William.

The distance from Neche, on the Great Northern, to Duluth is about 35 miles, and the rate is 15¢ per 100 pounds, exactly the same as the rate from Emerson to Port William, a distance of 50 miles. The rate from Minto, North Dakota, to Duluth, a distance of 60 miles, is 15¢, exactly the same as the Canadian Pacific rate from Elkhorn to Port William, a distance of 52, but the Great Northern rate from De Lark, the next station west of Minto and 55 miles from Duluth, is 15¢, while the Canadian Pacific rate from the continuous westward as far as Broadview, a distance from Port William of 90 miles.

These comparisons could be multiplied indefinitely, but as the tariff and distance tables are public property, it will be a simple matter for any person to make the comparisons for his own information.

I merely wish to emphasize the fact that the farmers living along the lines of the Canadian Pacific in Northwestern

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