

213 miles being the limit. Then the export demand ceased, and the long distance grain intended for export flooded the Central Russian markets. The appeal for relief was renewed and the zones extended to 361 miles, while the long distance rates were increased in order to offset the loss occasioned by the reduction of the local rate. To-day the principle of charging the traffic what it can bear is practically dead and the grain grower in the remote districts is impoverished by the high railway rates he is compelled to pay. The growth of the country is retarded because the power to regulate rates is in the hands of those interested in Central Russia, and they utilize that power to retain their home markets for their own use.

The situation in Russia is precisely similar to what it would be if the farmers of Ontario were to demand and had the power to compel the railways to quote a rate to the North-West farmer which would make it impossible for him to compete with the Ontario farmer in supplying the domestic wants of that province. That is the great danger of Government ownership. The Government is out for votes; and the private corporation for business, even if it has to make it."

The above appeared in that strongly Conservative newspaper, the *Montreal Gazette*, on August 28th, 1903, as did also the following on August 13th, 1903.

In the current issue of the *Railway Age*, Mr. H. R. Meyer continues his discussion of the government ownership of railways, taking up the cases of Austria-Hungary and the Danubian provinces. This article is specially noteworthy because of the influence government ownership of the railways of Germany has had upon the fortunes of the agriculturalists of Austria-Hungary and the Danubian states, the attempt being made with great success to utilize railway rates as a supplement to the protective policy of the country. Not only have the German railways refused to co-operate with those of Austria-Hungary in making rates which would encourage traffic designed for local consumption, but the refusal has killed off the very large grain export business the port of Stettin at one time enjoyed with Great Britain. In 1877 these exports amounted to 25,000 tons. During the four years ending with 1901 these exports declined to 486 tons.

Germany has also fixed the rates so that importation of agricultural products from Austria-Hungary and the Balkan states is practically impossible. Stranger, in Hungary, where the state owns 82 per cent. of the railways, the same policy of discriminatory rates has been applied against Austria for the purpose of encouraging home production. Austria, on the other hand, is powerless to avail herself of the full force of this protective policy, for 42 per cent. of the country's railways are still owned and operated by private companies, which seek for traffic wherever it may be obtained and regardless of its origination. The effect of this is that Austrian manufacturers are at the mercy of the German and Hungarian manufacturers, who are amply protected by the state owned railways of these countries refusing to handle Austrian goods except at practically prohibitive rates.

The result of this refusal of state owned railways to co-operate on rates on long distance traffic is that produce has been driven to the waterways, and the railways have remained nothing but feeders to them. There is a considerable market today in Madgeburg, Germany for Roumanian grain. The distance is only 1,440 miles by rail, and a railway should be able to handle the traffic for, in Mr. Meyers' opinion, \$4.75 per gross ton. But the Railways will not make the rate, and the grain must get there. So the grain goes by rail to the Danube, and down the river to the Black Sea. There it is placed on steamers and conveyed by way of the Mediterranean to Hamburg, delivered on the barges again and shipped up the Elbe. The distance is over 5,000 miles, as against a 1,440 mile rail haul. The charge is \$6.66 a short ton, or fifty cents more than the present charge for carrying grain from Duluth to Madgeburg, including a rail haul of the Roumanian-Madgeburg line. This gives one an idea of the actual detriment government ownership is to transportation, inasmuch as it destroys almost every inducement leading to the improvement of rates of travel, whereas under private ownership competition constantly renders improvement imperative."