

Comments on the Dominion Canal Statistics and the Freight Rate Question.

A. A. Wright, Managing Director, St. Lawrence and Chicago Steam Navigation Co., Toronto, and ex-President, Dominion Marine Association, writes Canadian Railway and Marine World, as follows:

In your July issue, I notice an article on the Dominion Canal Statistics for 1911, in which you quote statements from the comptroller, J. Lambert Payne, which tend to show that the money expended by the government in canal construction and maintenance is wasteful and that freight can be carried cheaper by rail.

I do not think this was Mr. Payne's intention, but, in case it is, or that his article has been misunderstood, I would point out some important omissions in his calculations. He assumes that the railways are built entirely by private capital. In Canada at least this is not correct, as the usual practice is virtually for the government to build the railway and present it to the nominal owners, either by direct grants of land and money, or else by guarantees of bonds, or usually by both methods, which makes the country assume the entire cost and risk of the success of the road. The railway business is then put on a paying business by charging high rates. In fact, the extreme limit the traffic will bear, putting surplus earnings taken from the public into the road, eventually making the road worth the value of the original cost, plus the common stock issued, which is the promoters' profit, and the premiums to bond holders, before they are forced to reduce the rates by water competition or else by a railway managed by some other group of promoters.

The other mistake he makes is in charging the interest and cost of maintenance of canals against the volume of business which may be at the moment passing through, instead of on approximately the amount of traffic the canals could eventually take care of, because canals must anticipate business. It should be borne in mind also that the traffic passing through the Welland and St. Lawrence canals is now, and always has been seriously reduced by lack of facilities in Montreal to take care of the business, and it is notorious that for years men have been almost driven out of the Montreal trade because they could not get despatch for their vessels in that port. The present Welland and St. Lawrence canals could handle, without any difficulty, many times the volume of traffic which they are now handling, and, even an increase of 100%, which would quickly take place if Montreal furnished necessary facilities, would cut the government contribution for interest, maintenance, etc., from 0.265 per ton to just one half that amount.

Another matter which must not be lost sight of, is the effect of the canal competition on freight rates in general, and probably this can be appreciated just as well by mention of the fact that before the present canals were developed as they are now, freight rates as high as 32c. per bush. or \$10.66 a ton, have been paid on grain from Chicago to Montreal and no one need ask what the rail rate would be now from Chicago to Montreal if the canals had not been improved and were still the vessel rate, instead of \$1.50 a ton as at present.

Further, vessel rates are much higher than they need be, because the railways control most of the terminals, and delays and excessive elevator and other charges are necessarily added to the vessel rate, as it costs practically as much to keep a steamboat lying at a dock as running in the lake.

Contrast \$2 a ton, plus even Mr. Payne's charge of approximately another

\$2 a ton, or \$4 a ton on vessels for 1,245 miles, Fort William to Montreal, all water, with \$1.10 a ton Georgian Bay ports to Toronto on wheat, or \$1.70 a ton on lumber, 95 to 125 miles, or equal to about \$11 to \$16 a ton Fort William to Montreal. These rates show clearly that Mr. Payne's rail rates are competitive rates with water, and the Buffalo-New York route, and are not a fair example of rail rates.

It is needless to multiply examples, but I think I have shown that money intelligently expended on canal and waterway improvements is decidedly in the public interest. I am, however, decidedly in accordance with Mr. Payne's policy of showing what canal and waterway improvement costs, as I think that will have a tendency to discourage wasteful expenditures like the Trent and projected Georgian Bay canal.

The expenditure on lighthouses, etc., is well spent and cannot be charged against the canals, because on the upper lakes freight is carried by water at an average of about 40 cents a ton for an average distance of about 800 miles, or about 0.05 cents a ton mile, or about a tenth of average rail rates, which run about half a cent a ton a mile.

No better answer to the question of the relative cost of moving products by water as against all rail, need be stated than the fact that the railways are amongst the largest vessel owning corporations on the lakes.

A Reply by the Comptroller of Statistics.

A copy of Mr. Wright's foregoing letter was furnished the Comptroller of Railway and Canal Statistics, J. L. Payne, who has written Canadian Railway and Marine World as follows:—

With an earnest desire to avoid anything of a controversial character, it may not be amiss to say that the report to which your correspondent alludes was not in any sense intended to discount the value of our canal system in its relationship to our scheme of transportation facilities as a whole. The matter was dealt with purely from the statistical standpoint, and the figures used had reference to the year 1911. It is not, except in a broad way, the functions of a statistician to debate economic issues. His duty is to supply facts, and, incidentally, to present certain logical deductions. The discussion of the probable freight rate on our inland waters was last year undertaken in an academic spirit, in the absence of definite and basic facts. This year an earnest effort is being made to gather data which will enable that rate to be definitely and accurately determined. When that stage is reached, we shall, happily, be outside the realm of speculation. We shall be able to make a fair comparison of freight rates by water with freight rates by rail. So far as I know, this will be the first comprehensive inquiry of that character made in either Canada or the United States. It is true the Bureau of Railway Economics at Washington issued a report last year, making a comparison between freight rates on the Erie canal and on railways running parallel to that canal, but that report, valuable and helpful as it is, was not based on such a set of facts as the Department of Railways and Canals is getting for the year now current.

During May, three fatal, and four non-fatal accidents were reported in connection with the navigation of Canadian waters. Two of the deaths were due to falls overboard, and one to a fall into the hold.

The Imperial Export and Import Co., Ltd., has been incorporated under the Ontario Companies Act, with \$1,000,000 capital, and office in Toronto, to carry on the business of merchants, forwarders and warehouse men, and to act as agents for marine and other insurance, and as agents for vessels, etc.

Steamship Routes in Northern Waters.

The dream of establishing trade routes in far northern waters has been cherished by navigators for centuries, and has been the incentive of many voyages that are landmarks in the history of exploration.

The partial realization of this dream now seems to be at hand. The long talked of Hudson Bay Railway, to connect with a steamship line via Hudson Bay, Hudson Strait, and the Atlantic to the Old World, is at last assured. If the hopes of its promoters are realized, it will afford for two or three months in the year an outlet for the vast resources of western Canada; above all, improved facilities for moving the Canadian wheat crop to European markets.

An analogous project on the other side of the Atlantic contemplates the establishment of regular steamship service between England and Siberia by way of the Kara Sea and the estuaries and the Yenisei and the Obi Rivers. This plan, proposed by an Englishman, Capt. Webster, has been approved by a Russian government commission. Steamers will run from English ports to a harbor on the southwest coast of Novaya Zemlia. There the cargoes will be transferred to smaller vessels (especially built for ice navigation, and thus carried to the Siberian rivers. It is expected that navigation will be limited to two months in the year, which will afford time for three round-trip voyages. The cargoes will include grain, timber, graphite, mica and other minerals.

Finally, the Russian government is making every effort to establish a regular sea route to northeastern Siberia by way of Behring Strait. During the summer of 1911 Rear Admiral Trajan, acting under instructions from the Imperial Ministry of Industry and Commerce, took the steamer Kolyma from Vladivostok to Nijni Kolymsk, at the mouth of the Kolyma River, where a quantity of freight was landed, after which the vessel returned to Vladivostok, the whole journey occupying two months. A little later in the season this feat was duplicated by a United States sailing vessel, equipped with an auxiliary motor. In this case the journey was made from Alaska.

The experience of the Kolyma showed that a light draught vessel, by keeping close inshore, was able to avoid the heavier ice fields. The Kolyma was not especially adapted for ice breaking.

Montreal Harbor Improvements.

Further improvements are contemplated by the Harbor Commissioners, involving an expenditure of about \$2,000,000. The plans cover the building of a concrete pier, 1,200 ft. long, straight into the river opposite the Commission's offices at the foot of McGill St. The place selected for this pier is now used as a basin for vessels entering and leaving the canal, and as, with the construction of the pier, this would not be possible, it is contemplated to remove the entrance to the canal to a more convenient point westward. Other improvements include the deepening of some of the old basins and the building of some concrete wharves, together with the lengthening of the King Edward, Alexandra and Jacques Cartier piers, by 300 ft. each. The new pier at the foot of McGill St. will give accommodation for two additional ocean going vessels.

Work on the increased elevator accommodation is progressing, also on other of the various improvements already in hand.

Plans are in course of preparation for additional permanent sheds and further improved railway facilities are also being discussed.