

at a loss. Insofar as legitimate conditions warrant a particular rate, this Board is prepared to accept that rate. We maintain, however, that we are not called on to accept rates based on abnormal conditions. Companies that are abnormally constituted must expect to do business at a loss. The most elaborate and scientific schedules of rates that could be devised would not enable them to operate at a profit. Before the Canadian Northern and Grand Trunk Pacific can hope to secure our co-operation in the business of rate-making they must comply with our specifications and demonstrate their right to consideration. It has often been said that railway companies are not philanthropic institutions, and that they cannot be expected to depart from certain rigid principles in the conduct of their undertakings. In the same way the public must insist on being excused from the performance of perpetual philanthropic duties towards the railway companies. There is no room for exuberant sentiment in a matter of this kind. A railway company that is doomed to a disastrous death before it is born, is an object of pity; but no time should be wasted in arranging the funeral rites. Similarly a railway company that has tried to commit suicide after it has enjoyed excellent opportunities to exist and thrive has no claim on public sympathy. We are willing to test the question of remunerativeness in the matter of rates by examining the position of a normal company operating in normal territory under normal conditions. Judged by this standard the Canadian Northern and the Grand Trunk Pacific are out of court before the investigation commences.

It is legitimate to enquire what the probable status of the rate situation in Canada would be if the service was being rendered by a large number of companies, instead of by a very few. If the Grand Trunk Railway, for instance, confined its operation to the older portion of the Province of Ontario, would not its position be better today? (We are not taking account, in this supposition, of the burden it may now be carrying through mismanagement in the past.) If the Canadian Northern Railway had restricted its field to the three Prairie Provinces with an outlet at Port Arthur, would it not have been able to withstand the pressure of the present situation? The advantages of a transcontinental system are not conspicuous in Canada, in spite of the excellent showing made by the Canadian Pacific Railway. There is room for a suggestion that the other companies should not have been so ambitious, and should have listened to reason rather than to political persuasion.

The emphasis that has been laid upon the question of operating costs throughout the hearings and in the judgment indicates a decided inclination to take account of increased outlays by the railway companies. Declines, current or prospective, in net earnings are viewed with alarm, and although they appertain to brief, selected periods they are used as arguments for higher tolls. The Canadian Pacific Railway statement, as given on page 424 of the judgment, actually quotes a decline of \$400,000 in gross earnings for the first week of August, 1917, as compared with the same week in 1916. It is to be presumed that the company thinks itself financially weakened by reason of that single decline. Is it unfair to recall the days when earnings, gross and net, increased by leaps and bounds, and *to ask whether those increases were accompanied by reductions in rates?* Everyone knows that the railways would have treated with scorn any suggestion that increased net earnings were in themselves sufficient to warrant reductions in tolls. They would have fallen back on the argument that the earnings over a period of years must be taken as the basis. We have no hesitation in urging upon the attention of his Excellency the Governor-in-Council the necessity of judging railway earnings over a period of years, rather than in an abnormal period of a few months. If the railways are entitled to charge more for their service on account of the advances in the cost of labor and material during 1917 they assuredly should have made voluntary reductions, on the horizontal basis, in every year since 1910.

We have indicated our general agreement with the oral argument presented by Mr. Symington at Ottawa. At the same time we insist that under no circumstances will the Winnipeg Board of Trade consent to any settlement of the railway problem involving an increase of rates.

We ask that the judgment of the Board of Railway Commissioners be set aside.

We recognize that his Excellency, the Governor-in-Council, is prepared to receive suggestions that may assist in a solution of the financial problem facing some of the railways. Our Board at a general meeting held on January 11, 1918, adopted unanimously a resolution that recom-