

resolution bears an ear mark by which its paternity may be known. The complaint is made that the Canadian Pacific Railway, through this provision, gets an advantage over other roads, showing where the complaint originates. The strange complaint is made that the C.P.R. does the work on too good terms, does not charge the public high enough rates. The public is not likely to complain on this score. The enemies of Canada have before now tried to stab her through the bonding arrangement, they having exultingly proclaimed that, in this way, she could most easily be dealt a fatal blow. Hitherto, the railway men interested in free bonding through Canada have been able to defeat the interests which would gladly see this privilege withdrawn.

LATEST PHASE OF THE CROW'S NEST PASS.

To the surprise of all except the initiated, the Liberal members of British Columbia come down on the Government with a demand that the veto power be exercised to prevent "the British Columbia Southern Railway and Amendment Act, 1896," going into effect. Mr. McInnes led the assault on the local Act and the others followed. Lieut.-Col. Prior, who is interested in the charter, and might by that fact be disqualified from voting on the charter, took the other side, but among British Columbians he stood alone. The objections to the grant of coal lands, stated as possibly 6,500,000 acres, took many forms. It was improvident; the locking up of the lands was bad policy; it was likened to a bonus of \$398,750,000, large enough to build a railway round the globe, etc. The Government could scarcely have been taken by surprise, after all that has been said on the subject; but it shows that the attacking force did not work with much system when Mr. Davies was able to say that no petition against the Act had been received. He laid down the principle that no degree of improvidence in the grant would justify the exercise of the veto, and that unless it could be shown that vital interests of the Dominion were at stake, no case for the interference of the Dominion Government could be made out. The announcement had previously been made that the charter as amended and extended would not be vetoed. The present demand may be regarded as an appeal against that decision.

"The Crow's Nest and Kootenay Railway Company," the name of which has since been changed to the "British Columbia Southern Railway Company," was first chartered in 1888, with a rich endowment of lands, coal and others, in a state of nature. The grant was, no doubt, in one sense improvident, but in spite of its profusion, it did not tempt persons having the control of capital to accept the golden prize. Why? Partly, no doubt, on account of the opposition of the C.P.R., but principally because the scheme, taken as a whole, was regarded as too speculative. Two distinct capitals would have been required to carry out the project: one to build the road, the other to work the mines. A third capital would be required to enable the company to hold such lands as could not be utilized for a long time, if their holding would cost anything in taxes, or for protection or otherwise. These considerations may well have staggered, they appear to have appalled, investors to whom the visions of untold wealth, which lighted up the imaginations of the promoters, were in vain displayed. Nevertheless the grants of lands, allowance made for exaggeration, were of enormous extent and great prospective value. But we must not commit the error of putting prospective value on a par with present value. Land sold at a few dollars now, will, if it could not be utilized, have cost hundreds of millions two or three hundreds of years hence. It was the large and onerous

element of speculation in this railway scheme which caused capitalists to shrink back from the spectre of the fortune, good or ill, which it offered them. Nevertheless the grants contain immense possibilities. British Columbia has suddenly entered on a career of what promises to be gigantic development. This railway problem assumes a new aspect, and is full of promise, not unmixed with difficulties.

RAILWAY RATES.

The much vexed railway rates question has recently excited renewed interest in view of the decision of the Supreme Court of the United States that the Trans-Missouri Freight Association is illegal. Extreme pressure has been brought to bear upon the railway companies to reduce their freight rates, and apparently, the companies have not been able to do this without serious inroads upon the funds otherwise destined as dividends for shareholders. There are several causes contributing to the movement for securing lower rail rates. The very general fall that has taken place in the value of commodities, within recent years, has not been followed by a corresponding decline in the cost of transportation. Every reduction of the price of commodities, without a corresponding reduction of rates, means a marked increase in the ratio of transport cost to total price.

The centralization of industry in the hands of a few producers has given to the shippers an immense advantage in negotiating rates with the companies. This advantage can be exercised only in the case of competing lines. In the United States, and the same is true of Canada to a limited extent, a company may be largely dependent for traffic upon a very few shippers. A single American corporation will sometimes ship an average of twenty-five cars each day, and the loss or gain of this traffic is an important consideration to even the strongest company. When the shippers use their own cars, as is so often the case, their position is strengthened.

In view of this pressure to reduce rates, it is important to note that the goods which the railway companies buy are not those of which prices are diminishing. The wages bill forms a large part of the aggregate operating expenses of every railway, and the cost of labor has not sensibly diminished. In the mechanism of transportation, the limit of possible work is reached at an earlier stage than in the productive mechanism of staple products. Railway construction is very costly, and improvements in methods can be made but slowly, or at a great loss of existing structures. The percentage of operating expenses to operating income of the railways of the United States during the past six years is as follows:

Year.	Per Cent.	Year.	Per Cent.
1895.....	67.48	1892.....	66.67
1894.....	68.14	1891.....	66.73
1893.....	67.82	1890.....	65.80

The aggregate capital invested in the railways of Canada, including government and municipal bonuses, loans and subscriptions to shares, amounts to more than \$880,000,000. It is important that the immense interests of the railway companies should be conserved. In railway history unlimited competition of the companies has inevitably led to disaster.

The railway gross earnings per mile in the United States, according to a reliable statistician, have decreased within the past thirteen years from \$7,461 to \$6,101, and the net earnings have decreased from \$2,702 to \$1,804 per mile. The period of this steady decrease has been marked by an unprecedentedly large number of receiverships and dissolutions of railway corporations. The railway companies claim that traffic associations have been formed in a last attempt to maintain rates at a basis that will give