Canada's National Economic Problems.

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Our national economic problem is not only to produce much, but to produce cheaply, and not only to produce much and cheaply, but to be so quick and elastic in our marketing arrangements as to be able to sell our goods always in the most profitable of the world's various and constantly changing markets. The right of every Canadian to look forward to prosperity, that is, to plenty of work, and wholesome work, for a return that will maintain a decent standard of living and provide something for the rainy day, is thus related closely to the condition of the railways of this country. For our railways are the means of quick and regular deliveries to market. They are to Canada what an efficient conveyor system may be to a factory which has otherwise no advantage over its older competitor, saving it time and expense in moving material into the receiving rooms, or from one machine to another, or out again to the ultimate consumer. In short, the ability of our railways to handle any possible peak load of traffic, of any character, in any direction, at any time, and cheaply, is something vital to every worker with hand or brain, from the most obscure of farm districts to the largest of our industrial centers.

For example: the apple crop in a well known Nova Scotian valley exceeded the estimate of the authorities by almost 75%. Instead of something over 1,000,000 barrels there were 2,000,000. Frost following close on the harvest reduced the time during which the apples could be moved in ordinary cars. Furthermore, the market for these apples, instead of lying largely in the United Kingdom, as in other years, developed with practically no warning in the United States and in Central and Western Canada. In other words, prices overseas had gone down; American bids were high. The difference between a large profit or a small profit to Canada on the year's work of these Annapolis Valley apple-growers became almost entirely a matter of railway service. In place of a normal crop to be hauled a few miles to the seaboard in ordinary cars, an unprecedentedly large crop had to be hauled in special refrigerator cars to distant cities in the United States and Canada. Details are not necessary. The crop, I may say, is still in process of being moved, but the peak load, which has passed, could never have been handled had the Canadian transportation machine not been the superior organization it is. The apple-growers in this case were served by a small railway company which had never before known a similar crisis. Almost 2,000,000 barrels had to be moved, 225 barrels a car. Through the Railway Association of Canada, that is, the old Canadian Railway War Board, the larger associates of this small railway, the Grand Trunk, Canadian National, and Canadian Pacific, scoured the Dominion to get together a supply of refrigerator cars, already scarce owing to the detention of Canadian refrigerators in the United States, to meet this extraordinary demand. These cars were gathered even from the very ends of the transcontinental lines. They were rushed to the Canadian National at Montreal and by the Canadian National forwarded to the small local carrier to which I have referred. Instead of recording in the government blue books for 1919 an export of so many dollars' worth of applies, Canada will be able to show an export much higher, due very largely to the efficiency of the railroads.

This is the kind of service the Canadian railways have been giving and are still able to give Canada. There was no breakdown during the war, though every other country had to make radical readjustments. No failure, when the signing of the armistice in Nov., 1918, brought about great changes in the character and direction of traffic. Between Nov., 1918, and Oct., 1919, they handled 271,500 returning soldiers through the ports of St. John, Halifax, and Portland, a movement involving 827 special trains, traversing over 2,427,162 train miles. I may add that a greater degree of comfort was assured each soldier on his homeward journey through Canada than was even attempted by either the United States or Great Britain. The return of commercial confidence after the first uncertainties of peace, and the change in freight traffic back to the lines of development which had been interrupted four and a half years before by the outbreak of war, was met without difficulty. Threatened labor troubles in Mar., 1919, were successfully dealt with by joint action through the Canadian Railway War Board. The settlement involved, it is true, serious but unavoidable outlays by the railways. It was effected about three months ago, but with no corresponding increase in railway rates. A strike of bituminous coal miners in the U.S. had no more serious reflection in Canada than a minor and temporary reduction in passenger train service. Canada, through the foresight of most of her railways in providing large stocks of fuel in advance, was able to avoid the serious freight embargoes which elsewhere were the result of the strike.

So much for the manner in which the transportation machinery of the country is carrying out its obligations to the Canadian producer. Other aspects of the transportation problem are less satisfactory. There are many people who look upon Canadian railways as custodians of magic fortunes which cannot be exhausted. That bookkeeping should be as simple and inexorable in its tale of losses and vanished profits to a railway as it may be to a corner grocer, is to these people unthinkable. It apparently does not occur to them that to no public is it more important than to the Canadian public that the good reputation of its railway securities in the world of thrift and investment should be carefully guarded. To those, however, who understand these things clearly and who view the matter from the standpoint of broad public interest, it is at once apparent that the Canadian public pays a very low rate for the quality of service rendered and that a time is rapidly approaching when, if Canadian railway securities are not to be made less desirable to investors than almost any other kind of industrial security, railway rates will either have to go up, or railway operating costs go down. Such persons recognize that it is not because the situation of the railways is an easy one that certain companies have been able to show net earnings—very low net earnings compared to the actual cash invested in the industry—but because in the past the shareholders of such companies have been, as they are today, courageous persons willing to supply the means for constructive enterprises in which no one but themselves had faith, and because, too, their officers have been skilled, resourceful and loyal business men, assisted by staffs filled with the spirit of pride and devotion to their work. This, indeed, is the thing which has made it possible for Canada's railways to function successfully during the war, without making anything like the demands that foreign roads, less efficient in serving their community, yet earning the safe rates and paying the same wages, have made upon their public exchequers. I do not believe that this strain upon the railways and this tendency to weaken the general reputation of Canadian railway securities should continue. The servant after all is worthy of his hire and railway capital is not less worthy a servant than other forms of capital whose earnings have not been so consistently depressed.

The net earnings, during the war years, of those companies which showed net earnings, would have been much lower had the Canadian railways been making expenditures for maintenance which circumstances would have justified, but which conditions prevented during that period. These arrears have now to be made up. During 1919 the C.P.R. laid 70,000 tons of steel rail. In place of, say, 2,000,000 ties, worth 44c in 1914, the C.P.R. laid 4,434,000 ties at 85c a tie. The sensational advance in the rate of railway wages is well known. Further advance may be necessary within the very near future, as indicated by discussions in the United States. The price of coal for locomotives was $3.09 in 1913. Now it is $4.77. The cost of hauling an average train (freight or passenger) one mile rose from $1.604 in 1913 to $2.494 in 1918. It is higher today. The operating expenses of one mile of line in 1915 were $4,152; in 1918, $7,046, and today they are even greater. On the other hand, railway rates, taking all classes of revenue together, have advanced scarcely 25%. I venture to say no other industry in the Dominion can show such moderation.

The Flin Flon Mine and Projected Railway—A press report of Dec. 29 stated that Hayden and Stone, of Boston, had withdrawn from negotiations for the purchase of the Flin Flon mining property near Pas, Man., on the ground of the refusal of the present owners to grant an extension of the firm's option on the property for another year. The report added that negotiations had been opened for the sale of the property to the Anaconda Mine Co., Butte, Montana. The construction of a railway to serve the mining area in which the Flin Flon property is situated is under consideration, and the Manitoba Premier has intimated that if the Canadian National Rys. does not undertake it the Manitoba Government will.

The Dominion Atlantic Ry., in conjunction with the Nova Scotia Department of Agriculture is offering prizes for the best acre of potato ground in the Annapolis valley served by its line.