

The Grain Growers' Guide

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FREIGHT RATE INQUIRY

Those who are watching the progress of the Western freight rate enquiry before the Railway Commission, and we trust that means every reader of The Guide, will be disappointed at the fact that the enquiry, instead of being finished last week, as was expected, has been once more adjourned. However, the chairman of the Commission, Mr. Drayton, has given counsel on both sides distinctly to understand that they must be ready to submit all the evidence and argument they wish to have considered when the next sitting is held at the end of August or the beginning of September. The present adjournment, while somewhat trying to the patience after a year and a half of waiting, is not without justification, for it is made necessary chiefly in order to give time for the completion of the work undertaken by J. P. Muller, the American railway rate expert, who has been employed by the Dominion Government to investigate the records of the C.P.R. and compare these with the business of United States railways. Mr. Muller's first report states that rates on the C.P.R. as a whole are not unreasonably high, compared with those of the United States railways. He adds:

"A comparison, however, of that portion of the Canadian Pacific Railway west of Fort William, with the averages for the entire property, certainly warrants the assertion that the western half of the property is, from every viewpoint, disproportionately productive of more net revenue than the average. And if the analysis is carried into operating divisions, Manitoba and Alberta show the highest profit rated."

Mr. Muller thus fully bears out the contentions made on behalf of the people of the West, that the Prairie Provinces are being discriminated against and made not only to pay higher freight rates but also to contribute a much larger share of the profits of the C.P.R. than the Eastern Provinces. In the face of that it is difficult to imagine on what grounds the Railway Commission will be able to refuse the demand of the West for a reduction of rates. The railway counsel, however, have yet to cross-examine Mr. Muller, and it will be interesting to see how his figures stand their criticism. There is certainly nothing to fear if their attack is no more effective than that made by the railways on the figures previously presented by M. K. Cowan, K.C., showing that freights in the Prairie Provinces are considerably higher than in the Western States. The attempt to controvert these figures was made by W. B. Lanigan, assistant freight traffic manager of C.P.R. western lines, who is generally recognized as the cleverest and best informed freight official in the Canadian Railway service. Mr. Lanigan submitted figures which purported to show that the cost of shipping freight by car loads was greater in the Western States than over similar distances in Western Canada. When his figures were examined, however, he had to admit that in many cases they did not correspond with the official tariffs, and that he had assumed that an American shipper would put only 24,000 pounds in a car, although he had to pay for the minimum of 36,000 pounds. If his statements had not been examined by such men as Isaac Pitblado, K.C., representing the Winnipeg Board of Trade, and M. K. Cowan, K.C., representing the Provinces of Saskatchewan and Alberta, Mr. Lanigan's bluff would have been successful, as similar bluffs have been in the past.

At the next hearing of the case, Mr. Muller will submit proposed tariffs in which his theory that rates should be based on the maintenance of a certain proportion between revenues and operating expenses, will be worked out. The chairman of the Railway

Commission has also asked the representatives of both the railways and the people to put forward their propositions as to how rates should be made. Mr. Drayton has further submitted a list of questions which he desires counsel on both sides to consider during the adjournment. The most significant of these is:

Whether rates should now be fixed in the Western Provinces on the assumption of a sufficient existing railway mileage to enable the grain crop to be properly carried and affording lands settled or fit for settlement with railway facilities within a reasonable distance; or whether rates should be fixed on such a basis as will encourage further development.

This appears to be a rather difficult question to answer. It assumes that if rates are placed on a fair basis, the railway companies will not undertake new construction and farmers who have been waiting for years for transportation facilities will have to wait in vain. We believe, however, that this is a false assumption. We believe that wherever there is sufficient settlement to warrant the construction of a railroad sufficient business will offer to make the line pay, even at considerably reduced rates. The railroads are not often nowadays built in advance of settlement, and the fact revealed by Mr. Muller that the Prairie Provinces yield the bulk of the profits of the C.P.R. at the present time is sufficient proof that they can stand a reduction of rates and still make a fair return on their capital.

BINDER TWINE INDUSTRY "RUINED"

The Brantford Courier, a high tariff organ which every now and then works itself wheezy grinding out protectionist tunes for W. F. Cockshutt, M.P., contained a remarkable admission a few days ago. A three-column heading on its front page announced: "Brantford Cordage Company Will Make Big Enlargement." The report, as will be seen, referred to the increased production of binder twine. The Courier went on to say:

"The Brantford Cordage Company have decided to make a large addition to their plant, including the installation of at least 100 additional spinners and other preparation machines. There will be a large expenditure of money on the most modern machinery and devices, and the capacity will be increased over 3,000 tons of binder twine annually."

"This, of course, will involve the employment of a large number of additional hands. The popularity of the company's products and a fine organization are responsible for this increase in the factory facilities, as under present conditions it has been found impossible to handle the increasing home and export business, and many large orders have had to be refused."

At this point The Courier's sensitive conscience must have given a mighty twinge. How could W. F. Cockshutt's tried and trusty organ look itself in the face after so completely giving away the case for Protection? Binder twine being one of the few commodities manufactured in Canada without any tariff advantages, Protectionists have felt it incumbent on themselves to prove that since 1898, when the duty was removed, the binder twine industry has languished in weakness and anguish and is now as good as dead. The Toronto News, our readers will remember, in its controversy with The Guide on the tariff question, said, "The binder twine industry is one industry almost dead already, largely by reason of free trade." To support this statement eight factories are named which, for one reason or another, have closed down since 1898, and in every case free trade is blamed. The Courier tries to bring itself back to the approved Protectionist position by tacking onto its story the following statements:

"This is the last strictly Canadian Cordage Company in existence out of some nine companies organized at about the same time, and both prison plants are also closed."

"The placing of binder twine on the free list has made this particular line of business in Canada most difficult, but this individual plant is now three times as large as originally and in splendid condition."

Canadian manufacturers, practically without exception, are prospering. Yet it has not fallen to the lot of many industries to enlarge to three times their original size within a few years and despite this increased capacity to have to refuse "many large orders." This is exactly the kind of "ruin" which manufacturers are wanting. They would spare neither pains nor expense to get in that fortunate position. The Courier omits any reference to the Plymouth Cordage Company, established at Welland in 1906, which finds Free Trade so profitable that it exports large quantities annually to the United States. The prison plants were closed in accordance with the demands of the Canadian manufacturers, who objected to their competition. As for those Canadian binder twine factories which have closed down, the farmers know that many of them deserved their fate. Prices under Protection were excessive and the twine was generally of an inferior quality. Besides, Protection puts a premium on mismanagement, antiquated business methods and the use of old machinery, whereas free competition is a salutary spur to efficiency and up-to-date methods and machinery. The Brantford factory's successful career is proof positive that Free Trade is no barrier to industrial development, but is, on the contrary, the best kind of stimulus—one which benefits manufacturer along with the consumer and not at his expense.

GRADING IS IMPARTIAL

Ever since the Grain Growers' Grain Company was organized by the farmers of the three Prairie Provinces, to fight the farmers' battles and secure for them a fair price for their grain and a square deal in marketing the produce of their farms, the enemies of the Company have been very active. Every known argument has been advanced by the opponents of the farmers' company to keep business in private hands, and falsehoods are used whenever it is hoped they will accomplish anything. One of the arguments used very often during the past year by the elevator companies and other opponents of the Grain Growers' Grain Company, is that the Farmers' Company is not able to secure as high grades on grain as these other companies are able to secure. This is preached persistently and the result is that many farmers believe the story and consequently withhold their grain from their own company. Of all the falsehoods that can be scattered, there is none that has less foundation than this one and the fact that it is believed by farmers in the country is a reflection upon their own intelligence. Every ear of grain that is shipped is sampled and graded by government officials. Neither the man that takes the sample nor the man that fixes the grade knows who owns the ear. There are, no doubt, defects in our grading system, but it is absolutely impartial and no elevator company has the slightest advantage over the Grain Growers' Grain Company in respect to grades. There is a tendency on the part of some farmers to complain more easily about their own company than about a private company. Those farmers who believe in farmers' organizations should use their influence to meet these false stories of the enemy and should also assist in educating those farmers who have been led astray. "Eternal Vigilance is the Price of Safety" is an old saying, and its truth has never been illustrated better than