THE DEVELOPMENT OF THE RAILWAYS OF CANADA.

By Walter E. Weyl.

Much of the acrimonious discussion over the question of state versus private ownership of railroads might be averted, did the advocates of either system recognize the limitations of their own arguments. It is characteristic of such dialecticians that they apply the results of one nation's experience to the problems confronting another, without considering the modified circumstances by which such experience is conditioned.

It is especially necessary to take this national equation into account in comparing the railways of Canada with those of the United States. The experience of these nations presents a series of parallels & contrasts directly traceable to the similar or to the diverse conditions existing in the two countries. Both in Canada & in the U.S. railways have grown more rapidly than population; in both countries they have often preceded roads, & even settlement itself; in both, the lines have been cheaply & rapidly constructed, & have been extended into the most sparsely-settled districts. In Canada as well as in the U.S. the main arteries of railway communication run east & west; in both countries the policy of private construction, ownership, & management has prevailed; & generosity towards the railways, as exemplified by large grants of land or money, has been common to the governments of both. The contrasts in the policy adopted on either side of the boundary line are equally striking, if less important; but the underlying similarity in the railway history of the two countries can be shown to have its cause in the like economic conditions & tendencies prevailing.

The English, on the whole, have favored a policy of private ownership of home, & of governmental ownership of colonial railways, but to this rule the case of Canada furnishes an exception. While the railways of India, of Australia, of the Cape, of Natal, etc., have been largely constructed or managed by government, the development of the railways of Canada was at first left to individual initiative. This laissez-faire policy of the government may be attributed in part to the economic doctrine then supreme in England, but it was no less due to the discouraging outlook for railway enterprises in Canada. At the beginning of the railway era the total population of British North America scarcely exceeded half-a-million, & these were mainly clustered in what are now the provinces of Quebec & Ontario & within easy reach of the great lakes & the St. Lawrence. Separated from the unknown territories of the west & from the Maritime Provinces of the east, even those tracts were too thinly peopled to invite large outlays for railways, particularly in view of the exceptional advantages presented by cheap inland navigation.

These adverse conditions were as potent in checking private enterprise, however, as in discouraging governmental activity, & the result was that, for a considerable period, the development of Canadian railways was exceedingly slow. As late as 1845 an insignificant 16-mile road from La Prairie to Quebec was the only railway within British America. During the fifties, however, the construction of the Grand Trunk, the Great Western, the Northern, & other lines was begun, & the mileage quickly grew from 71, in 1850, to 2,087, in 1860. The increasing population, the expansion of the settled area, the opening up of new lands to agriculture, & the steady increase in wealth & industry were causes, as well as effects, of improved means of land transportation, &, after Confederation in 1867, economic, political, & military considerations united to increase the extent of the railroad net. The Grand Trunk continued to grow in length, the Intercolonial & Prince Edward Island railways were constructed, the Canadian Pacific was pushed forward to a speedy completion, & branch lines were everywhere thrust out to the margin of settlement. The length of the railways increased from 2,150 miles, in 1866, to 5,157, in 1876; to 10,697, in 1886; & to 16,270, in 1896, the length of road in operation during 1897 amounting to 16,550 miles. The present extent of Canadian railways is thus only one-eleventh of that of American lines, but, with an approximately equal area, Canada's population bears a still smaller proportion to that of the U.S., &, despite the fact that the Dominion contains less than five million inhabitants, there are but 7 countries in the world that can boast of a railway mileage greater than that of Canada.

This rapid development is to be attributed, in no small degree, to the financial aid of the state. Grants of land & money have been made by the Dominion, by the several provincial governments, & by municipalities, & of a total paid-up capital of $920,000,000, no less than $197,000,000, or 21.4%, was thus contributed, the average subsidy amounting to about $12,000 a mile.

Of the total amount thus granted, the Dominion contributed more than three-fourths, or about 76%, the municipalities 8%, & the provincial governments 16%. Among the latter the government of Quebec has been unusually lavish, furnishing almost half of the total provincial contributions, &, with a railway mileage not half so great as that of Ontario, more than doubling the donation of that province.

This policy of fostering the growth of railways by government subsidies has been subjected in Canada to considerable adverse criticism. It has been argued that the taxpayers have made immense sacrifices; that the lavish donations of the state have resulted either in the destruction of national wealth, or in its conversion to the uses of private persons; that this generosity has had a demoralizing effect upon the railways themselves; & that it has tempted them to convert Ottawa into one great lobby. These views, however, are far too pessimistic. A government subsidy should always be in the nature of a sacrifice. The policy has its raison d'être in the desire to combine the advantages of private & of state construction of railways, to encourage the growth of useful, but unprofitable, lines, without sacrificing the impetus derived from individual initiative. In populous and highly-developed countries, such as France, this assistance of the state has been principally required for the construction of local lines (réseau nouveau), but in Canada the government subsidies have aided the extension of the net by the construction of long through lines.

The favorite child of the Dominion has been the Canadian Pacific. That Company has received a grant of $25,000,000 in cash, 25,000,000 acres of land, & about 640 miles of completed track, the last item, including preliminary surveys, costing the government some $33,000,000. The advantages accruing to the Dominion from these sacrifices have been very great. Canada, east of Lake Superior, has always had the advantage of water connection with the Atlantic ocean from the end of March until the end of November, but west of the lakes communication was almost nonexistent. Between Port Arthur & Winnipeg there was only "the old canoe route," which, moreover, could not be used to transport immigrants, & there was no connection at all with British Columbia. Half a century ago the necessity of an inter-oceanic line had already been felt, & in an open letter, in 1847, Major Carmichael Smith wrote as follows: "This great national highway from the Atlantic to the Pacific is the great link which is required to unite in one powerful chain the whole English race." But, while the U.S. rapidly completed several of these "great links," the Canadians, with their smaller population, lagged behind. After Confederation, however, an extension of the railways towards the west became a necessity. At this time there were no railroads in Manitoba, in British Columbia, or in the northwest, & even ten years later the conditions were hardly changed. Without the iron road the consolidated was a union in name only, & therefore in 1871 the government commenced the extensive survey of the territory through which the Canadian Pacific was destined to pass. In 1877 the Dominion began the construction, but by 1881 it was decided to hand the enterprise over to a private company, on the condition that the road should be finished by 1891. This condition was more than fulfilled. By 1886 the railway was completed, with a mileage of 4,533; & since then it has rapidly grown by new construction & by buying, leasing, or operating other roads, until at present it represents the consolidation of 21 Canadian lines, & owns or operates about 7,251 miles, about a seventh of which is situated within the U.S.

The Canadian Pacific is neither the first nor the only railway in Canada which has grown by the absorption of other lines. Amalgamation has taken place much the same as in England, France & the U.S. Of the 144 railway companies in Canada in 1896 (including 8 electric railways & bridge & tunnel companies) 21 have been amalgamated into the Canadian Pacific system & 25 into the Grand Trunk system; the remainder are more or less combined. The public has frequently recommended the Sisyphean labor of forcing railroads to compete. The Ontario & Quebec was constructed at great expense to compete with the Grand Trunk, & the province of Manitoba spent fully $600,000 to make the Northern Pacific enter into a competition with its northern rival. But war has ended in peace, competition has been short-lived, & the truce that invariably ensued led to an agreement of some sort, if not to actual consolidation.

The Grand Trunk is a notable example of this process of amalgamation. Lying within the fertile peninsula bounded by Georgian Bay & Lakes Huron, Erie & Ontario, it has successfully acquired, by lease or purchase, property after property, until its length has increased to 4,186 miles. It is becoming increasingly an American line, obtaining foothold in Michigan, Indiana, Illinois, Maine, Vermont, etc., & having recently obtained complete control of the ill-starred Vermont Central.

What the Canadian Pacific is to the western provinces & the Grand Trunk to Quebec & Ontario the government railways are to the Maritime Provinces, New Brunswick, Nova Scotia & Prince Edward Island. As political & military exigencies dictated its futile policy of building the Canadian Pacific, so the government ownership of the Intercolonial & Prince Edward Island railways was determined by similar conditions. As early as 1832 it had been proposed to build a line connecting Quebec with the sea-coast towns of Nova Scotia & New Brunswick, &, after a survey in 1835-37, the opportunity of constructing this important line seemed to have come. But the course of the proposed railway would have led directly across territory then claimed by, & subsequently awarded to, the U.S., & the railways, as finally constructed in 1876, followed a circuitous route, in order to skirt the northern boundary of Maine.

In consequence of this wide detour, which was justified on military grounds, the Intercolonial Railway is a needlessly long & uselessly expensive line. Its present length is 1,189 miles, including a short line (Windsor Branch), which is operated, but not owned, by the government. While the government has already expended more than sixty millions of dollars upon this unfortunate railway, the road, since 1872, has been operated at an annual loss ranging from $26,000 to $954,000. The