

THE MEXICAN TRADE LOOP

By AUGUSTUS BRIDLE

THERE is some place in Alberta where the man with a bushel of wheat is interested in Fort William and Port Arthur. Somewhere else in that distant province under the Rockies there is a farmer who talks with some ardour about Fort Churchill on Hudson's Bay; perhaps it is the same farmer. Again—and maybe this is the same far-looking grower of No. 1 hard—there is a farmer who is talking about the Tehuantepec railway which runs from Salina Cruz to Puerto, Mexico, across the neck of the Mexican Isthmus. This farmer of Alberta has surely begun to think in continents. He is not the man who in Ontario forty years ago saw his wheat loaded on a wooden vessel in Lake Erie and drifting out he knew not where.

For the present, the Lake Superior ports get the wheat. But there are some economic people who say that before Fort Churchill is red with elevators much of the wheat from Alberta and the Peace River will be drifting down the Pacific coast to the harbour of Salina Cruz, thence by the Tehuantepec railway across the isthmus to Puerto and from there to Liverpool.

This is the romance of the long haul: but a romance which may very soon become highly practical.

Three thousand miles eastward from this Alberta farmer with the triangular vision there is a factory in Eastern Canada whose owner wants to reach the dealer in Alberta with a case of goods. At present he is doing it by means of a transcontinental railway; and the freight charges are not low. Somewhere in the east there is a manufacturer who is able to figure that he can ship goods eastward to the Atlantic seaboard and float them down to Mexico, tranship at Puerto and by the Tehuantepec railway to Salina Cruz; tranship again and pay water rates to Vancouver and Victoria and Prince Rupert.

This again sounds like the romance of the long haul.

But this end of the romance has already been tested. The Tehuantepec route is not an explorer's dream. The Tehuantepec railway has been successfully operated for more than a year. It is one hundred and ninety miles long. Over this road during 1908 one line of steamships alone—the American-Hawaiian—transhipped four hundred thousand tons of freight; one hundred thousand tons of manufactured goods east to west; the balance of Hawaiian sugar, Alaskan salmon, California tinned fruit and wine from west to east, most for United States ports, some to the United Kingdom. During the latter part of the year also coffee began to move heavily over this Tehuantepec road; coffee from Chiapas and Central America, most of it carried out of Puerto, Mexico, by the Hamburg-American line. The total amount of traffic over this road—of goods originating in and destined to United States ports alone—amounted to \$38,000,000, this in practically the first year of operation.

Thus much for the economic value of the Tehuantepec railway to the United States alone; a route which has antedated the Panama Canal by at least six or seven years, and which before the Panama ditch is complete will have carried probably almost a billion dollars' worth of goods and wheat round the huge intercontinental loop. Once upon a time the Suez Canal was the world's great artery of trade by water between east and west. Later the supremacy—so far as America and tonnage was concerned—passed to Sault Ste. Marie. Panama looms up as a huge future competitor with both. But in the meantime the Tehuantepec route is doing business by the many millions.

What has already been done for United States shippers over this route may be done quite as well for Canadians and Europeans. Vancouver is no farther from Halifax and St. John than is Nome from New York. Prince Rupert is nearer Liverpool by the Tehuantepec route, so far as cost of haulage is concerned, than Edmonton is to Liverpool via the overland railways and the Great Lakes.

The Canadian Government has already recognised the economic importance of this route. Last year a customs officer was stationed at the peninsula to facilitate the transfer of Canadian freight. A code of customs rulings has been drafted applying exclusively to Tehuantepec. The first clause of the rulings reads thus:

"Goods duty paid in Canada or of Canadian

origin shipped from an Atlantic port in Canada and carried across Mexico on the Tehuantepec railway may be admitted at the ports of Victoria and Vancouver, B.C., without payment of customs duty, when carried by water in British registered vessels under Canadian customs manifests and when the transfer between the vessel and the car at Puerto Mexico and Salina Cruz is made under the supervision of an officer of the Canadian Customs."

Following come the details as to how goods are actually transhipped from Puerto to Salina Cruz and thence to Pacific ports free of duty.

Two steamship lines have already made an agreement as to the carriage of Canadian goods. On the eastern side of the isthmus the Elder-Dempster line has agreed to quote eastern shippers a through rate from the Atlantic seaboard to the Pacific, whereby the eastern manufacturer may reach the western dealer without paying two charges for freight. On the Salina Cruz end of the Tehuantepec railway the Canadian-Mexican steamship line agrees with the Elder-Dempster to tranship goods carried by the road and take a percentage of the through rate quoted the eastern shipper. Similar arrangements cover the west-to-east transit. From Montreal to Vancouver by water is about forty days inclusive of transshipment at the isthmus to reach Vancouver. This is the romance of the long haul; but it becomes very practical when already the rate via Tehuantepec is twenty per cent. less than the rate by rail and lake across Canada. It will be still more practical when the rate is still further reduced—as by some it is expected to be very shortly.

Now the Canadian-Mexican line has been a commercial certainty for some time, and was established before there was any dream of the Tehuantepec route. It was subsidised by both the Canadian and Mexican governments at fifty thousand dollars a year for the purpose of improving and developing trade between Canada and Mexico. Concerning this trade there are at least two opinions. The Mexican government are not delirious over it. They have cut the subsidy in two. Canada has promptly tacked that on to the former subsidy, so that Canada now pays seventy-five thousand dollars a year to Mexico's twenty-five thousand—to keep this trade developing and improving.

What is this trade? From Mexico to Canada—aspaltum, salt, oranges, grape fruits, hemp and sugar. Total value of this trade for the last fiscal year was just about half a million dollars. On the other end of the subsidised service Canada shipped to Mexico just about a million dollars' worth of manufactures for the same period. This consisted of seeds and grain, cement and lime, calcium carbide, coal and coke, cordage and rope, machinery, paper, lumber, wood manufactures and spirits.

At present sixty per cent. of what Mexico buys comes from the United States. This is natural but not necessary. Mere contiguity does not do all the counting. The water haul overcomes half of that. Canada may reasonably expect to reduce the percentage somewhat by cultivating better trade relations with Mexico. Mr. A. W. Donly, Canadian trade commissioner in Mexico, has been doing some tall talking about this. He says Canadian manu-

facturers are guilty of the same laxity in Mexico as some British shippers are in Canada. He accuses Canadians of lack of enterprise. Where United States firms have agents in the field, Canada has few or none. Where the United States advertises in good Mexican Spanish in Mexican papers, Canada does little or none, and what little she does is in mongrel Spanish cooked up in Canada from a dictionary. Canadians also expect too much cash and high rating from Mexicans and extend far too little credit.

However, much of this may be overcome when Mexico gets closer to Canada by means of the Tehuantepec route. When Salina Cruz becomes a port of transshipment for Canadian wheat it may be reasonable to expect Mexican trade with Canada to increase. Ships that carry down wheat to Salina Cruz must have something for return cargoes. The balance of trade now in favour of Canada will be easily lessened. With wheat bottoms needing ballast on the return voyage the ratio of two to one against Mexico will easily disappear. With exports from Mexico increasing in proportion to the return cargoes the imports into Mexico from Canada will naturally tend to increase also. Trade begets trade. The country which sells to Canada is most likely to buy from Canada. The sixty per cent. advantage of the United States should begin to diminish as soon as Canadian wheat begins to float to Salina Cruz and is transhipped to Puerto over the Tehuantepec.

Expert evidence on the details of freight rates, etc., is furnished by Captain T. H. Worsnop, manager of the Canadian-Mexican line, who writing in the *Pacific Marine Review* says:

"To make rates via the Tehuantepec route compete with tramp tonnage or all water tonnage will not be possible so long as the rate prevailing last season is in effect, when as low as 24s. were taken for cargoes. It probably will be possible, however, to make a rate to compete with the old rail winter route, providing the C. P. R. brings the rate from Alberta, points to Vancouver down to 15 cents per 100 pounds, or in proportion to the cost of the haul from Alberta to Fort William. We must remember that there is one great obstacle to be overcome in shipping wheat via the Tehuantepec and that is, that the time comes in winter, and that Atlantic boats touching at the opposite end of the Mexican route obtain good-paying cargoes both in coffee and cotton. Until the grain moves in volumes to warrant additional tonnage, it will be difficult to get the Atlantic boats to accept a small rate on wheat in comparison to the better-paying cargoes of coffee, etc."

Meanwhile the Canadian-Mexican line will be ready to begin shipping this year's Canadian wheat just as soon as the wheat can be got from the elevators of Alberta to Vancouver. The steamer *Lonsdale* is designated as the pioneer in this enterprise. She is guaranteed to make her end of a thirty-eight-day voyage between Vancouver and European ports. On the first trip also it is promised that freight will be fetched up which, *en route* from Montreal, transhipped at Puerto and Salina Cruz and floated up to Vancouver, will have been only thirty-five days out—five days less than the original estimate.

ONTARIO'S NEW READERS

MR. ARNOLD HAULTAIN, private secretary to Mr. Goldwin Smith, and a frequent contributor to magazine literature, as well as the author of books, finds considerable fault with the new readers prepared for use in the public schools of the Province of Ontario. Mr. Haultain's opinion, as expressed in the *Canadian Magazine* for October, is that the new text books reflect more credit upon the publishers, the T. Eaton Co., Toronto, than upon the learned gentlemen who compiled the books.

Mr. Haultain's principal complaint against the compilers is their blindness to "what may be called the purely literary value of literature." He says that the selections included in the readers are excerpts from modern writers, the value of whose work posterity had had no time to sufficiently judge. In this connection he cites as examples the insertion of poems by such Canadian writers as Miss Pickthall, Mr. C. G. D. Roberts and Mr. F. G. Scott.

"Are the compilers so sure of what is 'excellent'

in poetry that they can afford a page and a half to 'Bege' and exclude some recognised and undoubted gem from the wealth of England's poetic treasures?" asks Mr. Haultain.

A literary man of the attainments of Mr. Arnold Haultain, who must realise the profound ignorance of our own literature prevalent in this country, should note the significance attached to the prominence given to Canadian authors in a publication like the Ontario Readers. The worthy object of the compilers has been to place the work of our native born before the youth of the country with the hope of creating a national sentiment in respect to our literature. The literary standard of this work may not be the best in the language but only by evoking interest in our writers by the study of their works will it ever be improved. "The wealth of England's poetic treasures" about which Arnold Haultain seems so concerned, will not suffer in the meantime.