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CANAL AND RAILWAY COMPETITION

The question of the transportation of produce is again coming to the front. The legislature of New York has done all that it can do towards making the Erie canal free of tolls. But to carry this intention into effect, there must be an amendment of the constitution of the State. The promoters of the Hennepin canal are making an attack on the national treasury. Dreamers dream that the trade of the West can be diverted down the Mississippi. If the Erie canal be made free, there will be people in our own country, connected with the carrying trade, who will demand the freedom of the St. Lawrence canals.

So severely had the competition of the railways been felt, that the Erie canal has reached a point when the tolls scarcely suffice for its maintenance. Without some change, it was officially stated, it is questionable whether, under present restrictions, the canal could be kept open beyond July next. The reduction in tolls did not justify the expectation that it would be followed by an increase in business. On the contrary, the reduction was followed by a decrease of business. The decrease in the tolls was of course much greater than the decrease of traffic; and the legislature was called upon to face the possibility, amounting almost to a certainty, of the canals having to be closed. It therefore decrees, as far as it can, the abolition of tolls, throwing the expenses of operation and maintenance on the general revenue of the State. Whether the farmers will vote for an alteration in the constitution which will have the effect of abolishing tolls is not at all certain. They are, rightly or wrongly, possessed of the notion that it would be an injury to them to pay for the free transport of Western grain to come into competition with their own; that by so doing they would be deliberately injuring themselves. The constitutional amendment will be voted upon at the next election.

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decrease of business, what reason is there to expect that abolition will recover what has been lost? The removal of tolls on west-bound freight, is not a fair test of what would be the effect of freeing east-bound freight. We cannot therefore judge the future by the past. The question is whether the mere item of tolls is sufficient to turn the scale against the competition of the water routes—the St. Lawrence and the Mississippi—and the railways. This question the *New York Times* answers in the negative: "If," says that journal, "the route by the Mississippi River and that through the Welland canal from the lakes to the St. Lawrence are to become economical lines of transportation, carrying great bulks of merchandise in single bottoms to the ports for foreign shipment, this narrow ribbon of water, with its antiquated craft and its old-fashioned locks, will do little to prevent traffic from going through them. The removal of tolls will make but a trifling difference with its ability to compete with such rivals." But if the Erie canal were greatly enlarged, the result might be different. Whether, if it were made a ship canal between lake Erie and Albany, it could find an adequate feeder is a question which has been answered in different ways; at any rate there is very great doubt on the subject. The removal of the tolls alone will not accomplish the object aimed at; enlargement to the dimensions of a ship canal, if such enlargement be possible, would have to follow. This is foreseen by those who have most carefully studied the subject.

If this were done, the canal, it is said, might then become, in a real sense, a regulator of railway freights. At present it is admitted to be only nominally so. But is it so certain that an enlarged Erie canal would really possess this influence? It would then, at best, only be on a level with the St. Lawrence route, and the power of that great godney to regulate railway freights has received no decided demonstration. Against railway competition, it is not holding its own. But between a competitor for freight and a regulator of rates there is a distinction; and a canal which is only a feeble competitor of the railway system may not be without its influence on rates. This is shown by the great expense which railway companies, in England, have gone to for the purpose of getting possession of the canals, not to work but to close them.

What is called the "diversion" of the grain carrying trade, but which would more properly be called decentralization, is illustrated by the receipts of wheat, flour and corn received at five different seaports, during the last ten years, from 1871 to 1881, inclusive:

		Ports.			
Boston	New York.	Phila.	Baltimore.	N. O.	
Bush	Bush	Bush	'u-h.	bush.	
1,30,431	32,388,506	1,687,462	3,584,451	1,257,676	
2,509,259	41,945,753	4,569,837	6,742,127	1,196,938	
2,185,903	43,237,154	4,032,183	7,719,174	1,192,380	
2,376,171	70,427,469	6,702,143	12,777,748	2,076,699	
3,050,728	49,311,819	7,230,213	10,753,914	777,127	
4,437,507	56,228,585	15,835,843	18,313,032	1,942,904	
5,523,917	49,354,406	15,418,283	25,232,434	3,188,231	
8,937,032	79,244,083	23,257,774	31,602,265	6,781,217	
14,135,227	101,719,249	31,612,531	45,098,216	9,980,487	
15,702,941	123,731,628	32,615,156	53,726,824	12,209,224	
18,777,290	121,284,878	24,672,328	48,427,769	16,889,343	

In 1871, New York had virtually a monopoly of the business; in 1881, it had lost nearly one half of it. This "diversion" is, in a great measure, due to the development of the railway system. Thus the Erie canal has been made to feel the effect of railway competition not only on a parallel line but on other, divergent and remote lines. And it is certain that the railway system is capable of still greater development; though the severity of its competition can scarcely be increased, unless railways can be more cheaply built and worked in the future than they have been in the past; more cheaply built they undoubtedly can be; for most existing lines are overweighted with a mass of fictitious capital which somebody pocketed, but which never represented construction or working expenses. Whether new roads will be built at bare necessary cost is another matter, and one about which it would not be well to be over-confident. The steel rail has done much to give the railway companies the control over the great bulk of the traffic going to the sea-board; and some further improvement, such as the economizing the material of power, may produce a similar effect. But this is in the future and is all uncertain. At present, the railways have the advantage, and the only question is whether they are likely to be able to maintain it, even if canal tolls be abolished on the Erie and even on the St. Lawrence.

SETTLEMENT OF THE NORTH-WEST.

The time is not far distant when an extensive movement of population from the United States to our North-West may be expected. Practically, free homesteading in the United States is at an end. The quantity of arable lands in possession of the general government is reduced to 18,000,000 acres, which is less than the quantity sold in the last two years. The state governments possess 26,000,000 acres of arable lands. The whole supply of arable lands in possession of the general government and of state governments is less than five years' supply, at the current rate of sales. There are large quantities of available lands in the hands of individuals and railway companies; but these are not available for free homesteads, and for the most part they are held at high figures. To get free homestead and cheap