

P. E. I. Railway The Missing Link

—Continued from page 1—

In due course the Parliament of Canada was made aware of developments and action was respectfully urged, with the ultimate result that the Duncan Royal Commission was appointed. As a result of the findings of this Commission, thirty recommendations were made, with a view of adjusting matters so as to place the Maritimes on more of a parity with the other Provinces of Canada. While quite a number of these recommendations have not as yet been implemented, several of the most important have been either fully or partially carried out. I relate all this for two reasons:

FIRST—That if the affairs of the Atlantic Provinces had been receiving that intelligent, co-operative effort of Maritime members of both political parties at Ottawa, that their importance justified and we were entitled to expect, there would never have been any need of a Duncan Commission.

"Our Country First"

"The Gazette" of Chatham, in an article entitled "Fighting for the Maritimes," recently stated: "The day has gone by, we hope, when either party in this Dominion can treat the Maritimes to the extremely raw deals that were put over them from the time of Confederation almost to date, and that were excused and even praised by one party press, and while they were denounced by the other side, the people were confused as to the issue, and in the main stood by their party, right or wrong. Our country should come first and even the hide-bound party papers in small centres are learning this lesson of putting Province ahead of party."

In this connection it is also interesting to note a Resolution which was introduced at the Annual Meeting of the Maritime Board of Trade in Halifax on 21st November, 1928, by a Past President of that Board, and one of the most successful business men of the Maritimes. The Resolution passed unanimously and read as follows:

Federal Representation

Canada's great spaces and scattered peoples make the visualizing of complete unity a magnificent exercise of faith, and its realization a goal of glorious achievement. No such unity is possible save through the medium of that responsible form of Government, which may be truly defined as a Government of all the people, by all the people, for all the people. The party system is the only practical instrument yet evolved to give effect to such Responsible Government. There are two trends that weaken the integrity of this system; sectionalism, that manifests itself in "blobs" or third parties, and blind partisanship which subserves rightful fostering of local economic development to the dictates of party leaders, who are absorbed in strivings for the retention of power. The people of these Maritime Provinces are unwilling that their representatives, by the pursuit of either course, should help to thwart the achievement of true national unity. They expect the successful candidates of either of the two great parties to give intelligent support to the constructive policies of their party. The people of these Provinces expect nothing from the Parliament of Canada beyond their just due in the National interest; but they do confidently expect that support of measures to that end shall be the first concern of the Maritime representatives of both parties; that in the insuring of the success of these measures, or in resisting their defeat, these representatives shall show a united front, and thus manifest to the Nation that loyalty, without which no party can survive.

SECOND—That for the same reason the moral obligations of the Canadian Pacific Railway to the Province of Prince Edward Island were never urged nor fulfilled. As regards the latter, the question will, no doubt, arise in the minds of many, is not the Canadian National operating here, and in other parts of the Maritimes, sufficiently to meet all our transportation needs?

Is C. N. R. Sufficient?

Before dealing with this very important question, I wish to state that I hold only the very highest admiration for the Management and all officials of the Canadian National Rail-

ways, and feel sure all will agree that they are entitled to the gratitude and commendation of Canadian citizens generally, for the very remarkable manner in which they have carried out their mandate to operate the National Railways as a commercial proposition. When you consider that only eight years ago there was a deficit of over thirty million dollars in the operating accounts of the Canadian National Railways, and that in 1928 the operating accounts show a net surplus of sixty million dollars, it is certainly a marvelous feat and a record to be proud of. The Canadian National Railways, however, is a company that was brought into being to manage and operate various Railway Systems, that were co-ordinated and handed over with a specified Government mandate to make them pay. Some of these Railways were not regarded with popular favor at the time of their acquisition or absorption in the National System, and the general public were given the impression that they were being foisted on the Dominion as a liability. There was no other way, however, to avoid the development of an embarrassing financial situation.

Now as to whether the Government-owned Railways have been rendering the service in the Maritimes, that was intended by the construction of the Intercolonial Railway, as one of the chief inducements for the Maritimes to enter the Union, I will quote three authoritative statements and you will be best able to judge for yourselves.

The first quotation is an extract from the Duncan Report, as follows:

"Maritime Railways"

For all practical purposes, the rail transportation services of Nova Scotia and Prince Edward Island are controlled by the Canadian National Railways. The other great transcontinental system, the Canadian Pacific Railway, has its Atlantic terminus at St. John, N. B., and serves the Province of New Brunswick in direct line, and on small branches. The Canadian National Railways also have a main line direct through New Brunswick, and handle the greater portion of the tonnage of the three Maritime Provinces taken together—for example, it is estimated that the system handles between 70 per cent and 80 per cent of the total tonnage of the three Provinces. Partly for this reason, and partly also on account of the history of the Intercolonial Railway (which forms the greater part of the Maritimes portion of the Canadian National Railways), evidence submitted to us related almost entirely to the Canadian National Railways system.

History of Intercolonial Railway

The construction of the Intercolonial Railway was an obligation placed upon the Dominion Government by section 145 of the British North America Act, 1867, which reads as follows:—

"Inasmuch as the Provinces of Canada, Nova Scotia and New Brunswick have joined in a Declaration that the construction of the Intercolonial Railway is essential to the consolidation of the Union of British North America, and to the assent thereto of Nova Scotia and New Brunswick, and have consequently agreed that provision should be made for its immediate construction by the Government of Canada: Therefore, in order to give effect to that agreement, it shall be the duty of the Government and Parliament of Canada to provide for the commencement within six months after the Union, of a railway connecting the River St. Lawrence with the City of Halifax in Nova Scotia, and for the construction thereof without interruption, and the completion thereof with all practicable speed."

For many years before Confederation the project of such a railway was actively canvassed both in the Maritime Provinces and in Upper and Lower Canada, not only as an element in the political consolidation of the four Provinces but even as a channel of mutual commerce and trading.

Rate Structure of Intercolonial Railway

The Intercolonial Railway was completed in 1876, and it would appear from the evidence we have received that from then until 1912 the interests of the Maritime Provinces were fairly well safeguarded, the freight rate structure being such as to take into account the requirements of their traffic. The lower level of rates that prevailed on the Intercolonial Railway system prior to 1912 is, in our view, rightly to be interpreted as the fulfilment by suc-

cessive governments of the policy and pledges that surround the railway from its inception, whatever impressions may have been created by the form of its administration.

Since 1912, changes have taken place in the framework of the rate structure, and increases have been added to the freight rates. The combined effect of these had been to impose upon the merchandise and industry of the Maritimes, a burden which, it is alleged, is quite out of proportion to the increase which has been added since 1912 to the freight structure in other parts of Canada, although it may, in many cases, only have raised Intercolonial Railway rates to the same level of scale as rates in other places.

The net result of these changes is broadly shown by the figures given in evidence by the railway administration who, at our request, furnished us with statistics to show the position now as compared with 1912 for the Intercolonial Railway and for the rest of Canada. These figures reveal that Intercolonial rates have suffered an estimated cumulative increase of 92 per cent (i. e., their 100 has become 192). The estimated average increase of rates for the rest of Canada is 55 per cent (i. e., their 100 has become 155).

Effect of Changes in Rate Structures on Maritimes

The Maritimes case on railway rates was put to us in very considerable detail. The Railway Commission is at the present time dealing with these same details, and we have not formed any opinion on these matters so far as a judgment on their merits would involve consideration of railway administration and policy. On the broader question, however, of the incidence of the existing rates as a whole upon industry and employment in the Maritimes, we have come very definitely to the conclusion that the rate structure as it has been altered since 1912 has placed upon the trade and commerce of the Maritime Provinces, (a) a burden which, as we have read the pronouncements and obligations undertaken at Confederation, it was never intended it should bear, and (b) a burden which is, in fact, responsible in very considerable measure for depressing abnormally in the Maritimes today business and enterprise which had originated and developed before 1912 on the basis and faith of the rate structure as it then stood.

Recommendation on Freight Rates

We conceive this to be a position which, quite apart from details of particular rates—it is our function to deal, and a position which must be dealt with drastically and promptly. We take this view the more readily since the President of the Canadian National Railways system did not dissent from Sir Sandford Fleming's railway estimate that, for strategic reasons, the Intercolonial had followed a course approximately 250 miles greater than would have been followed had it been built merely for commercial purposes. He further explained that, owing to grades and curvature, the operating and maintenance expenses of this branch of the railway were much greater than the average of the rest of the system, and, still further, that winter conditions in the Maritime Provinces necessitated special expenditure arising from snow and ice conditions—and consequent delays in traffic transit—much in excess of what were experienced in other parts of the system. It is true that the operation of the Atlantic Division has shown an operating deficit in recent years in spite of the higher rate structure (including general war increases) that has been imposed on it since 1912. But there are many considerations to be taken into account in considering that deficit. For our present purpose, it is more material to notice that the President of the Canadian National Railways admitted in evidence, that in administering the Atlantic Division (the greater portion of which is the old Intercolonial system), no account is being taken in the rate structure of today of the special considerations, which attach to it as revealed in the pledges and pronouncements already referred to. We feel that the increase arising from the changes that have taken place in freight rates since 1912—over and above the general increase that has taken place in other parts of the National System—is as fair a measure as can be made of these special considerations, and accordingly should be transferred from the Maritimes to the Dominion so that the original intention may be observed.

Deception, Humbug and Trickery

The third quotation is from a speech of the Hon. W. S. Fielding, while addressing the House of Commons twenty-five years ago, as follows:

Surely sirs, the time has come after years of deception, humbugging and trickery about the lines to the Maritime Provinces, that faith should be kept with these people, and they should have a through line running on Canadian territory from Ocean to Ocean."

We are all familiar with the winter service this Province was subject to for passengers, mails and freight prior to the inauguration of the car ferry. We also realize only too well the inefficient service the Province has been subject to from Sackville to Island points, compared with the mainland service, and especially during the fall and winter time-table, when passengers and mails are detained in Sackville for twenty-two hours. First, this detention was for seven months of the year, and for the past two years has been reduced to four months. This is in direct violation of our Treaty Rights, which guaranteed efficient, continuous steam communication with the mainland railways winter and summer.

A prominent official of the Canadian National Railways, in speaking at a banquet of the American Association of Railroad Superintendents, held in the Windsor Hotel at Montreal on the 17th of June, 1926, is credited with the following statement: "Publicly owned railroads if they are not in competition with the high speed set by a private corporation, cannot possibly maintain a pace which will do them credit. I hope that we, of the Canadian National, will never be left alone in the field of railroading in Canada. It would be a curse if we were, and I hope that our friends in the Canadian Pacific will continue to be just a step ahead of us, so that we will always continue to improve."

Purpose of C. P. R.

Now I come to a most important point in my argument. Do we citizens of the Maritimes, and especially of Prince Edward Island, realize for what purpose the Canadian Pacific was brought into being? Any one who has followed closely the early history of the Dominion must surely realize the important part the Canadian Pacific have played as a nation builder, and that the original and chief purpose of the Parliament of Canada in having this railway project carried through, was to weld the Provinces together, from the Atlantic to the Pacific, into an economic unit. In proof of this, I cannot do better than quote from a statement given out to the press in April, 1926, by Mr. E. W. Beatty, the President of the Canadian Pacific Railways, as follows:

"Brought into existence as one of the chief factors in the federation of the various widely scattered British North American colonies, the Canadian Pacific Railway, more than any other agency of its kind, has ever since been one of the prime forces working for the development of Canada toward nationhood."

Our Disabilities

The second quotation is an extract from the address on "Maritime Disabilities within Confederation," given by Mr. A. P. Paterson of Saint John, N. B., Chairman of the Maritime Transportation Commission, before the Annual Meeting of the Maritime Board of Trade, held in Halifax 21st November 1928:

"Canada has spent money like a drunken sailor" to furnish communications with the Northwestern Territory and to provide improvements to develop the trade of Montreal; and she has taxed the Maritime Provinces to assist in providing improvements in connection with the St. Lawrence waterway and to make Canada an adjunct of the United States in transportation matters—but, what has she done toward providing improvements to develop the trade of the Great West with the Maritime Provinces, for the regulation of trade between the provinces, to assist in the development of Maritime import and export trade, or to make Canada a unit within the Empire?"

Sir Leonard Tilley refused to discuss Union until it was agreed that the Intercolonial Railway would be built, and you will notice by Section 65 of the London Agreement and by Section 145 of the B. N. A. Act, 1867, that the Intercolonial Railway was pledged to Nova Scotia and New Brunswick "in consideration," using the term in its legal sense of Nova Scotia and New Brunswick giving their assent to the Union, a transaction prior to the event.

It was never expected or intended that the Intercolonial Railway should be made to pay; it was never expected or intended that Montreal would be given federal financial assistance to enable her to compete with Halifax and Saint John for Canadian traffic; but so great has been Montreal's political influence that she has succeeded in usurping the "treaty rights" of Nova Scotia and New Brunswick with respect to the providing of improvements to develop trade; and Central Canada interests also have had sufficient political influence to have the operation of the Intercolonial Railway turned over by the Executive Government to a Corporation with large interests in the United States and the President of that Corporation stated in evidence before the Duncan Commission, in effect, that the railway administration had been given a mandate to make the Intercolonial pay as rapidly as possible without regard for what the Duncan Commission refer to as "pledges, pronouncements, and obligations," attached to it."

"Only at the present day are we beginning to realize the full effect upon Canada of the construction of the C. P. R. But for the construction of the C. P. R. Montreal would not today boast of a population of more than a million souls. Toronto was originally a small Grand Trunk town. Today it is a large city, and the C. P. R. has contributed largely to its growth in population and business. The foundations of the twin cities of Fort William and Port Arthur were established upon the wheat carried by the C. P. R. to the head of the lakes. Winnipeg in its days of infancy fancied that it had a grievance against the C. P. R., and that grievance had been cherished and nourished by certain influences even unto the present day, but Winnipeg might still have been a fur-trading post and not the chief continental wheat market and distributing point, but for the abounding faith of the syndicate which built the first transcontinental railway in America. Regina and Calgary are largely what they are today because of the population and business the C. P. R. has brought to the doors of their factories and warehouses. Vancouver is almost and wholly a C. P. R. town, and Victoria would not be the city it is today if the C. P. R. had not made it virtually the Pacific terminus of its great continental and world-wide system of ocean transportation."

Effect of C. P. R.

The following extract is taken from an article entitled "Canada's Railways," which appeared in the "Daily Colonist" of Victoria, B. C., and is evidence of the tremendous part played by the Railways in the development of other parts of the Dominion:

Effect of C. P. R.

"The C. P. R. paved the way across the continent, and others have followed the beaten path."

During the year 1924, when the Canadian National were making a strong bid for patronage as the "Peoples' Railway," it was no doubt felt by the Directors of the Canadian Pacific that the time was opportune that they should remind or inform the people of Canada of the notable achievements of the Canadian Pacific, and at that time a series of statements appeared in some of the leading Canadian newspapers. I preserve copies of them all, and I will submit three of the series which I have selected to serve my purpose:

STATEMENT NO. 1

The Canadian Pacific Railway and The Canadian People

In order that the people of Canada may have a clear understanding of the relation of the Canadian Pacific to the national interest and to the interest of the people individually, we have chosen the press of Canada as the medium through which to make a series of statements in which will be frankly told the story of the beginning and development of the road, and its services to Canada.

We believe the people of Canada will be interested in these statements. We believe when the people of Canada know and understand the relation of the Canadian Pacific to the

country that the Company will continue to receive its due measure of esteem and public confidence. The Canadian Pacific frankly desires this esteem and confidence because it is good business for a great corporation to be on terms of good will with its customers—the public.

Canada and the Canadian Pacific Railway must continue together the work of nation-building that was begun the day the C. P. R. commenced to fling its steel rails from coast to coast. This co-operation has been in the nature of a great partnership for the advancement of mutual interests.

It is one of the proudest pages of Canadian Pacific history that no government, no province, no community has ever lost a dollar through this national partnership. The record of the railway for forty years reveals one unbroken course of constructive achievement.

The creed of the Canadian Pacific has been to carry its own burdens, and to proceed with cautious and well-measured plans for the steady, forward march of its own and the national progress. Exploitation is unknown in its annals, despite the tremendous difficulties of financing in the lean eighties. For every dollar received from the nation, the Canadian Pacific has contributed an abundant dividend in national progress.

The partnership of mutual advancement must remain unbroken. It must not be weakened nor jeopardized by misunderstanding or lack of knowledge of the facts, so that the Canadian Pacific may continue to do its full share toward the greater development of Canada, as it has so abundantly proven its ability to do in the past.

The Canadian Pacific asks only to be judged by its past record and to be measured only by the service it renders. It makes no appeal for business on grounds of sentiment, but, confronted by such appeals, it does ask that its national significance, its record as a nation-builder and its world-wide services to Canada, be remembered.

(Sgd.) E. W. BEATTY,
Chairman and President

STATEMENT NO. 2

The Canadian Pacific A Private Enterprise, National in Conception and Achievement

When British Columbia agreed to enter Confederation in 1871, the main consideration was the linking up of that far western province with the east by a transcontinental railway, to be commenced in 1873 and finished in 1881.

Not until 1875 was a start made, and in 1878 not a yard of line had been built in British Columbia, and only 700 miles of rail had been built as part of a piece-meal system of water and rail transcontinental transportation.

The government hesitated at the cost and was embarrassed by the handicaps of the politics of the day. It finally confessed failure and turned the enterprise over to a syndicate of international capitalists, composed mostly of Canadians, but also including British, French and United States financiers.

Instead of a patchwork system of rail and water, this band of nation-builders conceived a great and courageous plan of an all-rail transportation system that would bind the provinces together with a system of rapid communication, dependable at all seasons of the Canadian climate; and they completed the road in one-half of the contract time, i. e., in five years.

The government, realizing the tremendous task of financing the enterprise, turned over to the syndicate the 700 miles which, because of the exigencies of politics and changing policies, had cost the excessive sum of \$37,785,319, and granted a cash subsidy of \$25,000,000 and a land subsidy of 25,000,000 acres, afterwards modified by turning back to the government part of the land in liquidation of a loan of \$10,000,000.

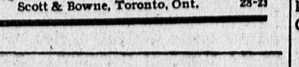
Thus the total value of the rail and cash subsidies under the terms of the original agreement and its subsequent modifications, including the value of the line taken over by the Canadian Pacific, was \$72,800,000. Out of \$1,187,000,000 cash which Canada has spent on railways in

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grants, subsidies, outstanding loans and construction, the subsidies granted to the Canadian Pacific under the original contract plus those received through the construction or acquisition of other railways, represent just 7.84 per cent of the whole, and that cost has been largely repaid in taxes alone.

How many times it has been repaid to Canada in national development, in prosperity to the people, in populating and settling the country, in the development of industries and in making possible the production of wealth, cannot be estimated.

The Canada as we know it today is the result of the foresight, energy and patriotism of that group of giant pioneers who conceived and built the Canadian Pacific.

CANADIAN PACIFIC The Railway That Made a Nation

STATEMENT NO. 3

Canadian Pacific Railway An Epic in Nation Building

Time, the relentless measure of men and institutions, has applied to the Canadian Pacific Railway every acid test—of opposition, skepticism and ridicule in the beginning; of opposing forces of nature and apathy of men during the period of construction; of difficulties and crises in financing; of giant struggles to develop and achieve.

—And today the Canadian Pacific stands out as the greatest transportation achievement in the world.

The Canadian Pacific gave effect to Canadian Confederation. Without it the federation of 1867 would have remained an unfulfilled desire, a vain dream.

With it the Dominion of Canada became a living reality from the Atlantic to the Pacific—the potential of the nation, which has now taken its place among those of the earth. The people of Canada achieved the Canadian Pacific and made it the greatest transportation system in the world, and the Canadian Pacific achieved the nationhood of Canada.

With over 20,000 miles of railway track owned and controlled, with a great chain of hotels across the country, with farms for the production of supplies for its hotels and dining cars, with 125,000 miles of telegraph line linking up with cables to all parts of the world; with its great irrigation system on the 3,000,000 acre block east of Calgary; with its colonization and development work costing over \$68,000,000; with the great mining and lumbering industries it has developed, and the sound financial position it has achieved; with the standing that position has given Canada in the financial world, the Canadian Pacific is marked as a vital economic and industrial factor in the country.

Canada, and the Canadian Pacific in present interest and in future prosperity, are one and indivisible. Canadian development, Canadian prosperity, Canadian progress are essential to the growth and expansion of the Canadian Pacific.

The expansion of the Canadian Pacific brings to Canada new growth in population, in credit, in investments, in prosperity, in everything that helps to develop and strengthen the position of the Canadian people as a factor in modern progress.

King George, as Prince of Wales, once truly said:—"We all know how the Canadian Pacific Railway helped to make a nation."

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tion, brought into being by the Canadian Partnership, not only to weld these Provinces together by a thin line of steel, but to use its gigantic influence in developing and promoting every phase of activity for our country's prosperity as a whole, as is so clearly defined in the above statements, should have been expected and entitled to extend its unique service to all the Provinces; Having contributed our share as one of the six partners of Canada in 1873, has it been an equitable or consistent policy that Prince Edward Island, the Cradle of Confederation, should have been deprived of the Canadian Pacific services, and today still be in the unfortunate position of having inferior and inadequate railway facilities and connections with the mainland railways? The Duncan Report on Maritime Claims, on pages 27 and 28, states the following:

Transportation for Prince Edward Island

"There are two features of transportation, as it affects Prince Edward Island, that call for special mention—(a) Prince Edward Island Railway.—The Railway Administration admitted that there was substantial foundation for much of the complaint we heard in Prince Edward Island with regard to the railway service there. It appears that in view of the character of the road-bed and succession of heavy curves and heavy grades, the difficulties which railway operations incur, and the inconvenience which the public suffers, cannot be quickly and substantially lessened without a measure of capital expenditure. Such improvements as the Railway Administration could effect, if they had to be undertaken out of the revenues appropriated to the Atlantic Division each year for maintenance, would take a long time to complete. We recommend that the Railway Administration should be asked to make a survey of what is required in this connection, and that the Department should make capital provision for the improvements to be undertaken within the shortest possible time. We heard considerable complaint also with reference to the train service between Moncton and the Island, but the Railway Administration stated in evidence that they

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